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AGREEMENTS

concluded at the

HAGUE CONFERENCE

January 1930

[These Agreements have not been ratified by His Majesty]

Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty

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UNIVERSITY
COLLEGE,
NOTTINGHAM.
ECONOMICS
DEPARTMENT.

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SUMMARY OF THE AGREEMENTS CONCLUDED AT THE HAGUE CONFERENCE, JANUARY 1930.

The Hague Conference of January, 1930, marks a decisive stage in the financial reconstruction of Europe after the war. At this Conference, after less than three weeks' discussion, fourteen agreements were unanimously approved and signed by representatives altogether of no less than twenty Governments: viz., Austria, Belgium, Bulgaria, Czechoslovakia, France, Germany, Great Britain, Australia, Canada, India, New Zealand, South Africa, Greece, Hungary, Italy, Japan, Jugoslavia, New Zealand, Poland, Portugal, and Roumania. These agreements provide not only for the definite settlement of the reparation liabilities of the German Government and for the constitution of the Bank for International Settlements as proposed in the Young Plan, but also for the settlement of the reparation liabilities of Austria, Hungary and Bulgaria and for the consolidation or cancellation of the so-called "liberation" debts of Czechoslovakia, Jugoslavia, Poland and Roumania. These agreements taken together, represent "a general liquidation of the financial questions raised by the war and the subsequent Treaties of Peace," which, as the Experts declared, was required to "ensure the definite return of Europe to normal financial and economic conditions," so that it may be said that the aim of the Conference has been fully and satisfactorily attained.

The present introduction is intended merely as a guide to the presentation of the documents in this volume.

The first of these documents is the "Final Act" itself, which is a formal statement of the negotiations which led up to the Conference and of the results attained by it at its two sessions. It accordingly recites the appointment of the Experts' Committee of 1929, and the agreement concluded in August last for the evacuation of the Rhineland, and the approval in principle of the Experts' Plan. It then proceeds to enumerate the various agreements concluded at the January session of the Conference.

(A.)—GERMAN REPARATION.

The *Agreement with Germany* (Document No. 2*) provides for the putting into force of the "New Plan" (by which term is designated the Experts' Plan of 7th June, 1929, together with the Hague Agreements of 31st August, 1929, and 20th January, 1930) as a complete and final settlement of the financial liabilities of Germany relating to the War. The New Plan fixes for the first time

* The references in this Summary are to the Documents as numbered in the Contents of this Parliamentary Paper.

the reparation liabilities of Germany in the form of certain specified annuities payable in each of the years 1929 to 1987. These annuities are those fixed in the Young Plan which the Experts stated that they had " every reason to believe can in fact be both paid and transferred by Germany," but the amounts due to the United States of America have been omitted as being covered by a separate arrangement. These annuities constitute a definite and fixed obligation of Germany, linked up with her commercial credit, except that Germany will have the right, in case of need, to postpone transfer or payment of a part of the annuities for a period not exceeding two years. The German Government by a clause in the Agreement declare that they are determined to make every possible effort to avoid having recourse to such postponement.

The payments of Germany are in future to be made to and distributed by the Bank for International Settlements, and the Reparation Commission and all other existing organs of foreign control over Germany are to be disbanded. Any dispute as to the interpretation or application of the New Plan is to be settled by arbitration.

The New Plan is to come into force after—

(1) the ratification of the Agreement by Germany and the enactment of the German Laws required to give effect to it;

(2) the ratification of the Agreement by four of the following Powers: Belgium, Great Britain, France, Italy and Japan;

(3) the constitution of the Bank for International Settlements.

There are twelve annexes attached to the Agreement.

Annex I contains a declaration by the Belgian, British, French, Italian and Japanese Governments on the one hand, and by the German Government on the other hand, to the effect that under the régime of the New Plan the powers of the Creditor Governments will be determined in accordance with the provisions of the Plan; but it is agreed that, on the extreme hypothesis of a decision by the Permanent Court of International Justice that the German Government has committed acts revealing its determination to destroy the New Plan, the Creditor Governments would resume their full liberty of action.

Annex II contains various technical provisions in regard to the transition from the Dawes Plan to the new régime.

Annex III contains the " Debt Certificate " to be delivered by the German Government. This document sets out formally the obligations of Germany as they result from the New Plan. For the most part it follows the terms of the Young Plan textually: but it formulates with more precision the position of Germany in case of a postponement, and the functions of the Special Advisory Committee which has to be appointed in such a contingency.

Annex IV contains the Debt Certificate to be delivered by the German Railway Company.

Annexes V and VI relate to the amendments of the German Bank Law and the German Railway Law required by the Young Plan and provide that certain Articles of these Laws can only be amended by a special procedure, so as to ensure that the vital provisions of the new Plan should not be altered unilaterally.

Annex VII relates to the assignment of revenues as a collateral guarantee in the form of a "negative pledge" as laid down in the Experts' Plan.

Annex VIII contains the draft Trust Agreement with the Bank for International Settlements as agreed between the Creditor Governments and the Bank Organisation Committee. This Trust Agreement sets out the detailed arrangements for the receipt and distribution of the Annuities, the method of drawing on the French Guarantee Fund and the procedure to be followed for mobilising any issue of German bonds. The method of distribution of the annuities is framed so as to secure that the allocation to France of five-sixths of the "unconditional" part of the Annuities should be adjusted out of any payments received in respect of the conditional annuities, so that the other Creditor Powers should not be prejudiced. As regards mobilisation, the British Government will have the right, if they so desire, to take up a 13% share in any international issue made with the approval of the Bank. On the other hand, each of the signatory Governments reserves the right to fix the amount of, and the conditions on which an issue of reparation bonds may be made on its market, and the British Government will accordingly have this right as regards any issue on the London market.

Annex IX contains the technical Regulations about the execution of deliveries in kind.

Annex X contains the Anglo-German Agreement which was signed on 2nd January, 1930, modifying the method of administering the Reparation Recovery Act. This Agreement simplifies the procedure for effecting the payments to this country under the Reparation Recovery Act and provides that His Majesty's Government shall at all times have the right to a Reparation (Recovery) Act levy *pari passu* with any deliveries in kind made to other creditor Governments.

Annex XI provides for the continuation of the securities accorded to the German External Loan of 1924.

Annex XII sets out the rules of procedure of the Arbitral Tribunal which would have to deal with any questions raised as to the interpretation or application of the Plan.

Besides the main Agreement with Germany, and its annexes summarised above, there are various subsidiary documents relating to German Reparation; these include:—

(i) "*Arrangement relating to the Concurrent Memorandum accompanying the Experts' Plan*" (Document No. 4).

This embodies the proposal of the European experts on the Young Committee that, if War Debts are remitted or reduced, a part of the benefit during the first 37 years of the Plan, and the whole benefit during the last 22 years of the Plan, shall accrue to Germany.

(ii) *Letters exchanged concerning the German-American Agreement* (Document No. 5).

As stated above, the share in the German Annuities assigned to the United States Government in the Experts Report is not covered by The Hague Agreements, but is dealt with in a separate agreement between Germany and the United States. In order that no discrimination should result from this separate agreement, the German Government have undertaken that they will not exercise their rights of postponement in regard to the Creditor Governments which are parties to The Hague Agreements without at the same time exercising their rights of postponement under the separate German-American Agreement.

(iii) "*Arrangement as to the financial mobilisation of the German Annuities*" (Document No. 6).

This records the intention of certain Creditor Governments to issue reparation bonds for 300 million dollars before 1st October, 1930.

The German Government undertake not to issue any fresh foreign long-term loan before this issue.

The German Government are to have the option of receiving one-third of the proceeds of the issue, in which case they will meet one-third of the service of the loan (outside the reparation annuities).

(iv) "*Arrangement between the Creditor Powers (Germany)*" (Document No. 10).

This provides for the settlement of various outstanding questions affecting the interallied accounts.

It also provides that, in order to give effect to the undertakings given to Great Britain at the August session of The Hague Con-

ference in Article VI of Annex I of the Protocol of 31st August, 1929, the French and Italian War Debt payments to Great Britain will be made by equal monthly instalments from 15th April, 1930, instead of in half-yearly instalments on 15th September and 15th March of each year.

(v) It may be added that the Final Act, and also Article III (D) of the Main Agreement with Germany, refer to the Agreement between Great Britain and Germany of 28th December, 1929, as regards liquidation of German properties. This is being presented to Parliament separately (Cmd. 3486). It provides for the cessation of liquidation in the future under certain conditions, and constitutes a final settlement of all questions relating to liquidation of German properties, and therefore definitely precludes any question being raised in the future as to the proceeds of past liquidation.

(B.)—THE BANK FOR INTERNATIONAL SETTLEMENTS.

The Convention with Switzerland (Document No. 3) consists of a Treaty between Belgium, France, Germany, Great Britain, Italy and Japan, on the one hand and Switzerland on the other hand, for the establishment of the Bank of International Settlements at Basle. The Swiss Government undertake to grant a Charter for 15 years as soon as the necessary Law has been passed, and further to obtain the assent of the Swiss people (which may involve a referendum) to the grant of a Charter for the whole period of the Bank's existence.

The *Charter* provides that certain fundamental articles of the Bank's Statutes can only be altered by a fresh Law passed in agreement with the other signatory Powers. It also provides for exemption being granted to the Bank and its foreign personnel from Swiss taxation.

The *Statutes* annexed to the Agreement are substantially identical with those published in the Press in November last, and incorporate the various safeguards then proposed in order to ensure that the International Bank should not have undue influence over the economy of any country.

The Trust Agreement (Article IV (*e*) and XVIII) provides that the Creditor Governments shall allow *remuneration* to the Bank by leaving on Deposit a sum of 125 million Reichsmarks (£6¼ million) without interest and by paying a commission of 1 per mille on the German payments. This arrangement is provisional and subject to review at the end of a year at the request either of the Creditor Powers or of the Bank.

(C.)—NON-GERMAN REPARATION.

The remaining Agreements relate to the settlement of the reparation obligations of Austria, Hungary and Bulgaria and of the claims and liabilities of the Succession States of the old Austro-Hungarian Monarchy. The political importance of these settlements and their effect on the credit and economic stability of the countries of Central and Eastern Europe need not be emphasised. From the financial point of view the sums at stake were relatively insignificant and the Great Powers agreed to sacrifice a large proportion of their shares in the prospective payments in order to attain a general settlement.

I.—*Agreement with Austria* (Document No. 11).

It has long been generally recognised that Austria is not in a position to pay reparations; but hitherto it has been impossible to secure agreement on the definite cancellation of her liabilities under the Treaty of St. Germain. The continued existence of these liabilities has hampered the recovery of Austrian credit and made it impossible for the Austrian Government to raise loans without the consent of the Reparation Commission. The Agreement made at the Hague definitely and finally discharges Austria from her financial obligations under the Treaty (subject to the execution of certain special arrangements already signed, mainly to settle administrative questions arising from the dismemberment of the former Austro-Hungarian Monarchy).

The Agreement accordingly terminates the relations of the Reparation Commission with Austria and releases her from the necessity of obtaining the consent of the Commission for any future loans. Finally, the Agreement provides for the cessation of the liquidation of Austrian property.

II.—*Agreement with Bulgaria* (Document No. 12).

Bulgaria's reparation debt was fixed by the Treaty of Neuilly at 2,250 million gold francs (£90 millions). In 1923 the effective debt was reduced to 550 million gold francs (£22 million). By the Hague Agreement the outstanding debt is further reduced and finally settled on the following basis:—

1 April 1930: 5 million gold francs (£200,000).
1930–1939: 10 million gold francs (£400,000) a year.
1940–1949: 11,500,000 gold francs (£460,000) a year.
1950–1965: 12,515,238 gold francs (£600,000) a year.

These annuities will be subject to the transfer protection clause agreed to when the Refugee Settlement Loan of 1926 was issued under the auspices of the League of Nations. They will be paid to the Bank for International Settlements; and the Inter-Allied Commission for Bulgaria will be disbanded, and Bulgaria's relations with the Reparation Commission will cease.

The above scale of payment is, in the opinion of the best authorities, well within the capacity of Bulgaria and it may be hoped that, with their reparation liabilities definitely and satisfactorily settled, the Bulgarian Government will take the necessary measures to reestablish the financial and economic prosperity of their country on a secure and sound basis.

III.—*Agreement with Hungary* (Document No. 13).

The agreement with Hungary raised the most difficult problems in non-German reparations. It involved a settlement not only of the obligations of Hungary under the Treaty of Trianon but of the claims of Hungarian nationals against Roumania, Czechoslovakia and Jugoslavia, particularly those arising in consequence of the Agrarian Reforms. The problem of the Hungarian "optants" in Roumania has been before the Council of the League of Nations in one form or another for over six years and has become a matter of acute political controversy in all the countries concerned. The solution of this controversy by the Hague Conference therefore represents a political achievement of capital importance. A solution was only reached at an all-night sitting on the eve of the close of the Conference, and while the texts initialled at the Hague define the bases of the settlement, the detailed arrangments for their application have been referred to a Committee which is to meet in Paris during February.

Hungarian Treaty obligations.—Hungary's obligations for reparations and other Treaty charges up to 1943 were fixed in 1924 in connection with the issue of the Hungarian Reconstruction Loan under the auspices of the League of Nations; her obligations from 1944 onwards have hitherto been unsettled. By the present Agreement the existing scale of payments (7 million rising to 14 million gold crowns a year) remains in force till 1943, and these payments will be subject to the existing conditions (including a Transfer protection clause), except that they will be paid to the Bank for International Settlements and the Reparation Commission will cease to have any relations with Hungary.

After 1944 and until 1966 Hungary will pay 13,500,000 gold crowns (about £560,000) a year in full and final settlement of all Treaty claims: but as explained below the payments during these years will be utilised by the Creditor Governments to ensure the settlement of the claims of Hungarian Nationals against the Succession States, so that they will not impose any net burden on the national economy of Hungary.

The liquidation of Hungarian property under the Economic Clauses of the Treaty of Trianon will cease but the existing agreements for the settlement of prewar debts will continue in force.

Claims of Hungarian Nationals.—The most important of these are the claims arising out of the Agrarian reforms. Under the Treaty of Trianon the landed property of Hungarian nationals in the annexed territories was to be retained by the owners and was not

subject to liquidation. Under the Agrarian Reforms in Roumania, Czechoslovakia and Jugoslavia, the landed property of Hungarian nationals in the annexed territories, in common with other landed properties, has been expropriated; and the questions arose as to whether such expropriation is contrary to the terms of the Treaty. By the present Agreement the matter is to be settled by a compromise, without prejudice to the legal view of either side. A special fund amounting to a maximum of 240 million gold crowns (£10,000,000) will be constituted and out of this Fund all the Agrarian claims will have to be met, the Succession States being freed of any further liability. This Fund will be known as the "Agrarian Fund" and it will be financed as explained below.

Apart from the above claims there are a number of other claims against the Succession States on account of the seizure or liquidation of Hungarian property, *e.g.*, those of the Hapsburg Archdukes, the Church properties, the local Railway Companies and miscellaneous industrial claims. Negotiations for the settlement of these claims are being actively pursued, and it may be hoped that many will be disposed of by special agreements. But as the Succession States feared that they might have to face indefinite liabilities under this head, it was finally agreed to constitute a separate fund, described as "Fund B," amounting to a maximum of 100 million gold crowns (£4,000,000), to cover them.

These two funds will be made up by means of the following resources :—

(1) payments or restoration of properties by the Succession States under their national legislation;

(2) the shares of Belgium, France, the British Empire, Italy, Japan and Portugal in the payments to be made by Hungary up to 1943 inclusive; and

(3) *all* the payments to be made by Hungary after 1943.

As it was feared that there might still be a gap between the receipts and liabilities of these Funds, France, Italy and Great Britain agreed, in the interests of a general settlement, to make a further contribution amounting at the maximum to 6,600,000 gold crowns a year and averaging about one-half of that amount. Of this maximum contribution France and Italy will each undertake 40% and Great Britain will undertake 20%.

The details of the scheme will be worked out by a Special Committee which will meet in Paris, but the principles are settled and any difficulties that arise are to be decided by France, Italy and Great Britain in concert.

The maximum charge involved to this country will be—

	£
1931–1932	25,000 a year.
1933–1944	55,000 ,,
1944–1966	19,000 ,,

This contribution will be met out of the payments due to Great Britain under the Agreement with Czechoslovakia (see para-

graph IV below) so that these agreements as a whole will not entail any net charge on the Exchequer. Moreover as explained above France and Italy will each contribute double the amount contributed by this country.

While last August I insisted that Great Britain should receive her proportionate share of the German annuities, I have never refused to accept proportionate sacrifices, where a just case could be established for such concessions, and in this instance I am fully satisfied that the limited contribution which it is proposed Great Britain should make is fully justified as an essential factor in securing a settlement of the protracted and dangerous controversy between Hungary and her neighbours.

IV.—*Czechoslovak Liberation Debt* (Document No. 14).

Under the Agreement of 10 September 1919 Czechoslovakia was liable for a "Cost of Liberation" Debt of £30 millions, but no payment had hitherto been made in respect of this liability as Czechoslovakia raised a number of counterclaims which had never been settled.

It is now agreed that Czechoslovakia should pay 37 annuities of 10 million marks each (£500,000) in full and final settlement of her liabilities. Of these annuities, the share accruing to the British Empire will be approximately £67,500 a year (see paragraph V below).

V.—*Distribution of Non-German Reparation Receipts* (Document No. 15).

At the August session of the Hague Conference the British, French and Italian Governments promised to endeavour to obtain for Greece out of non-German reparation an additional average annuity of 9 million reichsmarks (£450,000) to complete her cover for War Debts, and a capital sum not exceeding 80 million reichsmarks (£4 million) to meet her claim for damage done during Greek neutrality.

Accordingly the present Agreement assigns to Greece—

(1) the Bulgarian payments from 1st April 1927 to 1st April 1930 inclusive, which have not yet been distributed.

(2) 76·73 % (instead of the Spa share of 12·7%) of future payments by Bulgaria, and by Hungary up to 1943.

This allocation to Greece will therefore absorb the great bulk of the Bulgarian and Hungarian payments. Small allocations are made to the other Succession States and the balance will be distributed in the percentages fixed by Article 2 of the Spa Agreement; and accordingly the British Empire share of Bulgarian payments will amount, on the average, to about £3,000 a year.

The Czechoslovak annuities will be distributed between the Creditor Governments other than Roumania, Czechoslovakia and Jugoslavia in proportion to the percentages fixed by Article 2 of the Spa Agreement, the British Empire share being 1,384,519 reichsmarks (£67,800) a year.

The shares of Belgium, the British Empire, France, Italy, Japan and Portugal in Hungarian reparation up to 1943, and the whole of the Hungarian Annuities of 13½ million gold crowns from 1944 to 1966, will be paid over to the Funds set up, as explained above, for the settlement of the claims of Hungarian nationals.

Finally, the liabilities of the Succession States for the public properties situated in the ceded territories of the old Austro-Hungarian Monarchy, which represented a wholly irrecoverable claim, are definitely cancelled, and so are all claims for the Liberation Debts except for the payment to be made by Czechoslovakia under that head.

Broadly speaking the Great Powers have renounced practically all their shares in non-German reparation receipts in order to secure the acceptance by Greece, Roumania, Czechoslovakia and Jugoslavia of the settlements proposed both with Germany and with the other ex-enemy States.

This rapid summary will suffice to indicate both the importance and the wide scope of the agreements reached at the Hague. The conclusion of these agreements was made possible by the large amount of preparatory work ably done by the technical committees set up after the adjournment of the Conference last August. But in every case these committees had had to leave important and difficult questions still to be settled at the Conference itself. Some of these questions have been the subject of bitter contention for years, and, in the case of the Hungarian optants claims, repeated efforts had been made under the auspices of the League of Nations to find a settlement without success. That agreement should have been reached on all these points, without exception, at the Hague indicates the spirit of mutual conciliation that prevailed at the Conference and is the best augury for that future collaboration between the nations of Europe which is essential for the maintenance of our prosperity.

PHILIP SNOWDEN.

Treasury Chambers, S.W.1,
3rd February, 1930.

No. 1.

FINAL ACT OF THE HAGUE CONFERENCE.

The Representatives of Germany, Belgium, France, Great Britain, Italy and Japan, meeting at Geneva on the 16th September, 1928, being inspired by the desire which was common to all their Governments to reach a speedy settlement of the questions arising out of the War, declared to this end their agreement on the following points:—

(1) The opening of official negotiations relating to the request put forward by the Chancellor of the Reich on the subject of the early evacuation of the Rhineland;
(2) The necessity for a complete and final settlement of the question of reparations and of the constitution for this purpose of a Committee of Financial Experts nominated by the six Governments;
(3) The acceptance of the principle of the constitution of a Committee of Verification and Conciliation, the composition, mode of operation, object and duration of this Committee to form the subject of negotiations between the Governments.

The Committee of Financial Experts met at Paris and made its report on the 7th June, 1929.*

The Governments above mentioned, taking the view that the conclusions of this report concerned also the Governments of Greece, Portugal, Poland, Roumania, Czechoslovakia and Jugoslavia as well as the Governments of Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa and India, invited these Governments to take part in the negotiations and agreements affecting them.

In consequence the Delegates of the Governments above mentioned, accompanied by the representative of the Government of the United States of America in the capacity of Observer and with specifically limited powers, met in conference at The Hague under the chairmanship of His Excellency, Monsieur Henri Jaspar, Prime Minister of Belgium, and as the result of meetings held from the 6th to the 31st August, 1929, the following instruments were drawn up:—

(1) Letters of the 30th August, 1929, relating to the evacuation of the Rhineland;†
(2) Agreement dated the 30th August, 1929, as to the Franco-German and Belgo-German Commissions of Conciliation established by the Treaties of Locarno;

* See Cmd. 3343.

† See Cmd. 3417.

(3) Protocol of the 31st August, 1929,* with its Annexes concerning the approval in principle of the above mentioned Report of the Experts, the settlement of various questions connected with its application and the establishment of various Committees intended to prepare the putting into force of that Report.

These Committees and also the Organisation Committees for which that Report provided have submitted the result of their labours to the Chairman.

Moreover, as it appeared necessary to secure at the same time a general settlement of the pecuniary liabilities, resulting from the Treaties of St. Germain, Neuilly and Trianon, of Austria, Bulgaria and Hungary, these Powers were invited to take part in the negotiations and to send their representatives to The Hague.

These were the circumstances in which the Conference resumed its sittings and the representatives of the Governments above mentioned met at The Hague on the 3rd January, 1930.

In consequence of the decision which was taken to establish at Basle the seat of the Bank for International Settlements, representatives of the Swiss Government were invited to take part for this purpose in the labours of the Conference.

As a result of meetings held from the 3rd to the 20th January, 1930, the following instruments were drawn up :—

1. Agreement with Germany.
2. Agreement with Austria.
3. Agreement with Bulgaria.
4. Agreement with Hungary.
5. Agreement with Czechoslovakia.
6. Convention with Switzerland.
7. Arrangement relating to the Concurrent Memorandum accompanying the Experts' Plan.
8. Arrangement between the Creditor Powers (Germany).
9. Arrangement between the Creditor Powers (Austria, Hungary, Bulgaria—Liberation Debt).
10. Arrangements as to the financial mobilisation of the German annuities.
11. Letters exchanged concerning the German-American Agreement.
12. Letters exchanged concerning the tariffs of the German Railway Company.
13. Transitory Provisions.
14. Letters of the German and Belgian Governments on the subject of the Agreement on the German Marks in Belgium.

The President announces further that in connection with The Hague Conference the following Agreements have been signed by Germany concerning the waiver of claims, the liquidation of German

* See Cmd. 3392.

property rights and interests, the operations of the Clearing Offices and German marks in Belgium :—

With Belgium : Agreements of the 13th July, 1929, and 16th January, 1930.

With Great Britain : Agreement of 28th December, 1929.*

With France : Agreement of 31st December, 1929.

With Italy : Agreement of 20th January, 1930.

With Poland : Agreement of 31st October, 1929 (deposited together in the Archives of the Conference).

With Canada : Agreement of 14th January, 1930.

With the Commonwealth of Australia : Agreement of 17th January, 1930.

With New Zealand : Agreement of 17th January, 1930.

The present Act will remain deposited in the archives of the Belgian Government, which will deliver an authentic copy to each of the Governments which have taken part in The Hague Conference and also to the Powers signatory of the Treaties of Peace of Versailles, St. Germain, Neuilly and Trianon.

Done at The Hague in a single copy the 20th January, 1930.

The President of the Conference :
HENRI JASPAR.

The Secretary-General :
M. P. A. HANKEY.

The Secretary of the German Delegation :
Dr. BOLTZE.

The Secretary of the Austrian Delegation :
Dr. HANS.

The Secretary of the Belgian Delegation :
G. de GRUNNE.

The Secretary of the Bulgarian Delegation :
Dr. POULIEFF.

The Secretary of the French Delegation :
de FELCOURT.

The Secretary of the British Delegation :
RUPERT B. HOWORTH.

The Secretary of the Canadian Delegation :
J. REID HYDE.

* See Cmd. 3486.

The Secretary of the Australian Delegation :
JAS. R. COLLINS.

The Secretary of the New Zealand Delegation :
E. TOMS.

The Secretary of the Greek Delegation :
G. COUSTAS.

The Secretary of the Hungarian Delegation :
L. GAJZAGO.

The Secretary of the Italian Delegation :
BUTI.

The Secretary of the Japanese Delegation :
K. KOBAYASHI.

The Secretary of the Polish Delegation :
J. LIPSKI.

The Secretary of the Portuguese Delegation :
ANTONIO POTIER.

The Secretary of the Roumanian Delegation :
SAVEL RADULESCO.

The Secretary of the Czecho-Slovakian Delegation :
ARNOST HEIDRICH.

The Secretary of the Jugoslav Delegation :
VL. MARTINAC.

No. 2.

AGREEMENT WITH GERMANY.

The Representatives of Germany, Belgium, France, Great Britain, Italy and Japan, meeting at Geneva on the 16th September, 1928, expressed their determination to make a complete and final settlement of the question of reparations and, with a view to attaining this object, provided for the constitution of a Committee of Financial Experts.

With this object the Experts met at Paris and their report was made on the 7th June, 1929. Approval in principle was given to this report by The Hague Protocol of the 31st August, 1929.

The duly authorised representatives of the Government of the German Reich, the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czecho-Slovak Republic and the Government of His Majesty the King of Yugoslavia

Have reached the following agreement :—

Article I.

The Experts' Plan of the 7th June, 1929, together with this present Agreement and the Protocol of the 31st August, 1929 (all of which are hereinafter described as the New Plan) is definitely accepted as a complete and final settlement, so far as Germany is concerned, of the financial questions resulting from the War. By their acceptance the Signatory Powers undertake the obligations and acquire the rights resulting for them respectively from the New Plan.

The German Government gives the Creditor Powers the solemn undertaking to pay the annuities for which the New Plan provides in accordance with the stipulations contained therein.

Article II.

As from the date when the New Plan is put into execution as provided in the final clause of this present Agreement, Germany's previous obligation is entirely replaced, except in respect of the German External Loan 1924, by the obligation laid down in the New Plan. The payment in full of the annuities there mentioned, in so far as the same are due to the Creditor Powers, is accepted by

those Powers as a final discharge of all the liabilities of Germany still remaining undischarged, referred to in Section XI of Part I of the Dawes Plan as interpreted by the decisions of the Interpretation Tribunal set up under the London Agreement of the 30th August, 1924.

ARTICLE III.

A. The signatory Governments recognise that the accounts between the Reparation Commission and Germany relating to transactions prior to the period of the Dawes Plan, together with all accounts involving credits to Germany, either now or in the future, against the original capital debt are henceforth obsolete and without practical effect and declare them closed in their present condition.

B. (*a.*) In execution of paragraph 143 of the Experts' Report of the 7th June, 1929, on the understanding that the following declaration is to be considered as a full compliance with the requirements of that paragraph as to a waiver, Germany declares that she waives every claim as defined by the following list, whether for a payment or for property, which she may have addressed or might hereafter address to the Reparation Commission or to any Creditor Power signatory of the present Agreement for any transaction prior in date to the signature of this Agreement, connected with the World War, the Armistice Conventions, the Treaty of Versailles or any agreements made for their execution :—

(1) claims relating to property or pecuniary rights of prisoners of war in so far as they have not already been settled by special agreements;
(2) claims seeking to obtain the reimbursement of payments made under paragraph 11 of the Annex to Article 296 of the Treaty of Versailles;
(3) claims relating to loans issued by the former German Colonies;
(4) any claims, whether for a payment or for property, which the German Government has presented or might present for its own account other than State claims notified, under the clearing procedure provided for under Articles 296 and 72 of the Treaty of Versailles, by the Creditor to the Debtor Office.

(*b.*) By way of reciprocity the Creditor Powers accept in conformity with the recommendation of paragraph 96 of the Experts' Report of the 7th June, 1929, the payment in full of the annuities fixed thereby as a final discharge of all the liabilities of Germany still remaining undischarged and waive every claim additional to those annuities, either for a payment or for property, which has been addressed or might be addressed to Germany for any past transaction falling under the same heads of claim as those appearing under (1) to (4) above.

(*c.*) The provisions of the present Article do not affect the execution of agreements later in date than the 10th January, 1920, for the abandonment of the liquidation of German private property, rights or interests or the restitution either of those properties, rights or interests or the proceeds of their liquidation.

C. (*a.*) The Creditor Governments undertake, as from the date of the acceptance of the Experts' Report of the 7th June, 1929, to make no further use of their right to seize, retain and liquidate the property, rights and interests of German nationals or companies controlled by them, in so far as not already liquid or liquidated or finally disposed of, including the rights of the signatory Creditor Powers under Article 306, paragraphs (5), (6) and (7) of the Treaty of Versailles.

(*b.*) The execution of this undertaking will be regulated by special agreements between the German Government and each of the Governments concerned.

(*c.*) The Signatory Governments will use every effort to clear up definitely all outstanding questions relating to the execution of this undertaking within one year after the coming into force of the New Plan.

(*d.*) This undertaking has no application in cases where special settlements have already been made.

D. All or some of the questions mentioned in the present Article as to the waiver of claims and the cessation of liquidation are governed, as between the German Government on the one hand and the following Governments respectively on the other hand, by the Agreements concluded on the following dates, that is to say: Belgium, 13th July, 1929 and 16th January, 1930; Great Britain, 28th December, 1929; Canada 14th January, 1930; Commonwealth of Australia, 17th January 1930; New Zealand, 17th January, 1930; France, 31st December, 1929; Italy, 20th January, 1930; Poland, 31st October, 1929.

Article IV.

From and after the date on which the New Plan comes into force, the Office for Reparation Payments and the organisations in Berlin connected therewith shall be abolished and the relations with Germany of the Reparation Commission shall come to an end.

Under the régime of the New Plan only those of the functions of these organisations the maintenance of which is necessitated by the New Plan will continue in existence; these functions will be transferred to the Bank for International Settlements by the "Small Special Committee"; the Bank for International Settlements will exercise them within the conditions and limits of the New Plan in conformity with the provisions of its Statutes.

Under the régime of the New Plan the powers of the Creditor Powers in relation to Germany will be determined in accordance with the provisions of the Plan.

In regard hereto the Representatives of the Belgian, British, French, Italian and Japanese Governments and the Representatives

of the German Government have made the declarations contained in Annex I.

The other measures necessary in view of the change from the present system to that of the New Plan, are those provided for in Annex II.

Article V.

The annuities mentioned in the present Agreement include the amounts required for the service of the German External Loan, 1924. These annuities do not include the amounts which the Experts' Plan of the 7th June, 1929, assigns to the United States of America.

Article VI.

The Contracting Parties recognise the necessity, with a view to putting into force the New Plan, of the constitution of the Bank for International Settlements. They recognise the corporate existence of the Bank to take effect as soon as it is constituted in accordance with the Statutes annexed to the law incorporating the Bank which is the subject of the Convention concluded with the Government of the Swiss Confederation.

Article VII.

The Government of the Reich will deliver to the Bank for International Settlements, as Trustee for the Creditor Powers, the Debt Certificate referred to in Annex III.

Further, the German Government guarantees that the German Railway Company (Deutsche Reichsbahngesellschaft) will deliver to the Bank for International Settlements the Certificate mentioned in Annex IV.

Article VIII.

With a view to facilitating the successful working of the New Plan the German Government declares spontaneously that it is firmly determined to make every possible effort to avoid a declaration of postponement and not to have recourse thereto until it has come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities. It remains understood that Germany alone has authority to decide whether occasion has arisen for declaring a postponement as provided by the New Plan.

ARTICLE IX.

The German Government undertakes to take the measures necessary for the enactment of the special laws required for the application of the New Plan, that is to say—

(*a*) the law for the amendment of the Bank Law of the 30th August, 1924, in accordance with Annex V;

(*b*) the law for the amendment of the law of the Deutsche Reichsbahngesellschaft, in accordance with Annex VI.

These laws may only be amended in the conditions and in accordance with the procedure laid down by Annexes VA and VIA.

The German Government further undertakes to apply the provisions contained in Annexes VII and XI relating to the assignment of the proceeds of certain taxes by way of collateral security for the service of the several parts of the German annuities.

ARTICLE X.

The Contracting Parties will take in their respective territories the measures necessary for securing that the funds and investments of the Bank, resulting from the payments by Germany, shall be freed from all national or local fiscal charges.

The Bank, its property and assets, and also the deposits of other funds entrusted to it, on the territory of, or dependent on the administration of, the Parties shall be immune from any disabilities and from any restrictive measures such as censorship, requisition, seizure or confiscation, in time of peace or war, reprisals, prohibition or restriction of export of gold or currency and other similar interferences, restrictions or prohibitions.

ARTICLE XI.

The Governments of the Creditor Powers have settled the text of a Trust Agreement, appearing in Annex VIII, for the receipt, management and division of the German annuities.

The Bank for International Settlements upon its establishment will be invited to give its adhesion to the Agreement, and the Governments referred to will appoint Delegates with the powers necessary to sign.

The German Government declares that it has been informed of the text of the Agreement.

ARTICLE XII.

The system of deliveries in kind will be governed by the provisions contained in Annex IX hereto and in the second Annex to the Protocol of the 31st August, 1929.

The methods of administering the law of Great Britain entitled "The German Reparation (Recovery) Act 1921" and the levy on

German imports into France have been settled by Agreements between the German Government on the one hand and the British and French Governments respectively on the other; the text of these Agreements is set out in Annex X.

ARTICLE XIII.

The German Government confirms all the priorities, securities and rights hitherto created for the benefit of the German External Loan, 1924, and declares that nothing in the New Plan or in consequence of the termination of the Dawes Plan, diminishes or varies the nature and extent of its prior obligations and engagements assumed under the General Bond securing said Loan, all of which are preserved in their integrity. The Governments of the other Signatory Powers similarly confirm and recognise the absolute prior position of the service of the German External Loan, 1924, and declare, in so far as they are concerned, that all the priorities, securities and rights hitherto granted said Loan remain unimpaired including those under the London Protocol dated 30th August, 1924. In particular, but without limiting the foregoing general declarations, the Governments of the German Reich and of the other Signatory Powers recognise that the specific first prior charge for the benefit of the said Loan continues to attach to all payments hereafter to be made by Germany for Reparation or other Treaty costs, including not only the non-postponable portion of the German annuities to be paid into the Annuity Trust Account but also the postponable portion of the German annuities to be paid into the Annuity Trust Account; and the said Powers accordingly agree that the amounts currently required for the service of said Loan shall be paid out of said annuities to, or upon the order of, the Trustees of said Loan in priority to any other disbursements made therefrom. The Government of the German Reich further accepts and confirms the provisions for the security of the German External Loan, 1924, which are contained in Annex XI, of which the English text is alone authentic.

ARTICLE XIV.

The Creditor Powers recognise that their acceptance of the solemn undertaking of the German Government replaces all controls, special securities, pledges or charges existing at the present time, with the exception of those specially mentioned in Article XIII and in Annexes VI, VII and XI.

ARTICLE XV.

1. Any dispute, whether between the Governments signatory to the present Agreement or between one or more of those Governments and the Bank for International Settlements, as to the interpretation or application of the New Plan shall, subject to the special provisions of Annexes I, VA, VIA and IX be submitted for

final decision to an arbitration tribunal of five members appointed for five years, of whom one, who will be the Chairman, shall be a citizen of the United States of America, two shall be nationals of States which were neutral during the late war; the two other shall be respectively a national of Germany and a national of one of the Powers which are creditors of Germany.

For the first period of five years from the date when the New Plan takes effect this Tribunal shall consist of the five members who at present constitute the Arbitration Tribunal established by the Agreement of London of the 30th August, 1924.

2. Vacancies on the Tribunal, whether they result from the expiration of the five-yearly periods or occur during the course of any such period, shall be filled, in the case of a member who is a national of one of the Powers which are creditors of Germany, by the French Government, which will first reach an understanding for this purpose with the Belgian, British, Italian and Japanese Governments; in the case of the member of German nationality, by the German Government; and in the cases of the three other members by the six Governments previously mentioned acting in agreement, or in default of their agreement, by the President for the time being of the Permanent Court of International Justice.

3. In any case in which either Germany or the Bank is plaintiff or defendant, if the Chairman of the Tribunal considers, at the request of one or more of the Creditor Governments parties to the proceedings, that the said Government or Governments are principally concerned, he will invite the said Government or Governments to appoint—and in the case of more Governments than one by agreement—a member, who will take the place on the Tribunal of the member appointed by the French Government.

In any case in which, on the occasion of a dispute between two or more Creditor Governments, there is no national of one or more of those Governments among the Members of the Tribunal, that Government or those Governments shall have the right to appoint each a Member who will sit on that occasion. If the Chairman considers that some of the said Governments have a common interest in the dispute, he will invite them to appoint a single member. Whenever, as a result of this provision, the Tribunal is composed of an even number of members, the Chairman shall have a casting vote.

4. Before and without prejudice to a final decision, the Chairman of the Tribunal, or, if he is not available in any case, any other Member appointed by him, shall be entitled, on the request of any Party who makes the application, to make any interlocutory order with a view to preventing any violation of the rights of the Parties.

5. In any proceedings before the Tribunal the Parties shall always be at liberty to agree to submit the point at issue to the Chairman or any one of the Members of the Tribunal chosen as a single arbitrator.

6. Subject to any special provisions which may be made in the Submission—provisions which may not in any event affect the

right of intervention of a Third Party—the procedure before the Tribunal or a single arbitrator shall be governed by the rules laid down in Annex XII.

The same rules, subject to the same reservation, shall also apply to any proceedings before this Tribunal for which the Annexes to the present Agreement provide.

7. In the absence of an understanding on the terms of Submission, any Party may seize the Tribunal directly by a proceeding *ex parte*, and the Tribunal may decide, even in default of appearance, any question of which it is thus seized.

8. The Tribunal, or the single arbitrator, may decide the question of their own jurisdiction, provided always that, if the dispute is one between Governments and a question of jurisdiction is raised, it shall, at the request of either Party, be referred to the Permanent Court of International Justice.

9. The present provisions shall be duly accepted by the Bank for the settlement of any dispute which may arise between it and one or more of the signatory Governments as to the interpretation or application of its Statutes or the New Plan.

Final Clause.

M. Henri Jaspar, Prime Minister of Belgium, as Chairman of the Hague Conference of 1930, will deliver to each of the signatory Governments a certified copy of the present Agreement (which expression here, and in all places where the context admits, includes the Annexes hereto) immediately after signature. The French and English texts are both, in the absence of special provision to the contrary, authentic, provided that, for the Certificates mentioned in Article VII and the German Laws mentioned in Article IX of the present Agreement the German text, and for the provisions of Annex XI the English text, alone will be authentic.

The present Agreement shall be ratified and the deposit of ratifications shall be made at Paris with the French Government.

The Powers of which the seat of government is outside Europe will be entitled merely to inform the French Government through their diplomatic representatives at Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

The New Plan will come into force and will be considered as having been put into execution on the date on which the Reparation Commission and the Chairman of the Kriegslastenkommission have agreed in reporting:—

(1.) The ratification of the present Agreement by Germany and the enactment of the German laws in accordance with the relative Annexes.

(2.) The ratification of the present Agreement by four of the following Powers, that is to say, Belgium, Great Britain, France, Italy and Japan.

(3.) The constitution of the Bank for International Settlements and the acceptance by the Bank of the undertakings by it for which the present Agreement provides, and also its receipt of the Certificate of the German Government and the Certificate of the German Railway Company as provided in Annexes III and IV.

The report of the Reparation Commission shall require a unanimous vote of the members of the Commission as constituted for the purposes of the Treaty of Versailles when a question concerning Germany is under consideration, the Japanese Delegate nevertheless taking part in the discussion and giving his vote.

The report of the Reparation Commission and the Chairman of the Kriegslastenkommission will be notified to all the Powers signatory of the present Agreement.

Provided always that the substitution of the obligations and annuities of the New Plan for those of the Experts' Plan of the 9th April, 1924, shall date from the 1st September, 1929, regard being had to the provisions of The Hague Protocol of the 31st August, 1929, and of Annex II to the present Agreement.

The present Agreement will come into force for each Government other than the four of those mentioned above by name who first ratify, on the date of notification or deposit of ratification.

Provided always that any such ratification shall have the same effect as if it had taken place before the report of the Reparation Commission and the Chairman of the Kriegslastenkommission.

The French Government will transmit to all the signatory Governments a certified copy of the proces-verbaux of the deposit.

Done in a single copy at The Hague, the 20th day of January, 1930.

CURTIUS.
WIRTH.
SCHMIDT.
MOLDENHAUER.
HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.
HENRI CHÉRON.
LOUCHEUR.
N. POLITIS.
J. G. POLITIS.

A. MOSCONI.
A. PIRELLI.
SUVICH.
M. ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
N. TITULESCO.
J. LUGOSIANO.
Al. ZEUCEANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

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ANNEX I.

Exchange of Declarations between the Belgian, British, French, Italian and Japanese Governments on the one hand and the German Government on the other.

THE representatives of the Belgian, British, French, Italian and Japanese Governments make the following declaration :—

The New Plan rests on the principle that the complete and final settlement of the reparation question is of common interest to all the countries which this question concerns and that the Plan requires the collaboration of all these countries. Without mutual good will and confidence the object of the Plan would not be attained.

It is in this sense that the Creditor Governments have, in The Hague Agreement of January 1930, accepted the solemn undertaking of the German Government to pay the annuities fixed in accordance with the provisions of the New Plan as the guarantee for the fulfilment of the German Government's obligations. The Creditor Governments are convinced that, even if the execution of the New Plan should give rise to differences of opinion or difficulties, the procedures provided for by the Plan itself would be sufficient to resolve them.

It is for this reason that The Hague Agreement of January 1930 provides that, under the régime of the New Plan, the powers of the Creditor Powers shall be determined by the provisions of the Plan.

There remains, however, a hypothesis outside the scope of the Agreements signed to-day. The Creditor Governments are forced to consider it without thereby wishing to cast doubt on the intentions of the German Government. They regard it as indispensable to take account of the possibility that in the future a German Government, in violation of the solemn obligation contained in The Hague Agreement of January 1930, might commit itself to actions revealing its determination to destroy the New Plan.

It is the duty of the Creditor Governments to declare to the German Government that if such a case arose, imperilling the foundations of their common work, a new situation would be created in regard to which the Creditor Governments must, from the outset, formulate all the reservations to which they are rightfully entitled.

However, even on this extreme hypothesis, the Creditor Governments, in the interests of general peace, are prepared, before taking any action, to appeal to an international jurisdiction of incontestable authority to establish and appreciate the facts. The Creditor Power or Powers which might regard themselves as concerned, would therefore submit to the Permanent Court of International Justice the question whether the German Government had committed acts revealing its determination to destroy the New Plan.

Germany should forthwith declare that, in the event of an affirmative decision by the Court, she acknowledges that it is legitimate that, in order to ensure the fulfilment of the obligations of the Debtor Power resulting from the New Plan, the Creditor Power or Powers should resume their full liberty of action.

The Creditor Governments are convinced that such a hypothetical situation will never in fact arise and they feel assured that the German Government shares this conviction. But they consider that they are bound in loyalty and by their duty to their respective countries to make the above declaration in case this hypothetical situation should arise.

The representatives of the German Government, on their side, make the following declaration :—

The German Government takes note of the above declaration of the Creditor Governments whereby, even if the execution of the New Plan should give rise to differences of opinion or difficulties in regard to the fulfilment of the New Plan, the procedures provided for in the Plan would be sufficient to resolve them.

The German Government take note accordingly that under the régime of the New Plan the powers of the Creditor Powers will be determined in accordance with the provisions of the Plan.

As regards the second part of the declaration and the hypothesis formulated in this declaration, the German Government regrets that such an eventuality, which for its part it regards as impossible, should be contemplated.

Nevertheless, if one or more of the Creditor Powers refer to the Permanent Court of International Justice the question whether acts originating with the German Government reveal its determination to destroy the New Plan, the German Government, in agreement with the Creditor Governments, accepts the proposal that the Permanent Court should decide the question, and declares that it acknowledges that it is legitimate, in the event of an affirmative decision by the Court, that, in order to ensure the fulfilment of the financial obligations of the Debtor Power resulting from the New Plan, the Creditor Power or Powers should resume their full liberty of action.

The French, German and English texts of the present Annex are equally authoritative.

CURTIUS.
WIRTH.
SCHMIDT.
MOLDENHAUER.
HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
HENRI CHÉRON.

LOUCHEUR.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.

ANNEX II.

Measures of Transition.

1. The transfer to the Bank for International Settlements of the documents belonging to the Reparation Commission and the Organisations of the Dawes Plan, will take place in so far only as may be deemed by the small Special Committee referred to in Annex V of the Experts' Report of the 7th June, 1929 (§ 166) to be strictly necessary for the exercise of the functions of the Bank for International Settlements.

2.—(i.) Germany's previous obligation, except in respect of the German External Loan 1924, being entirely replaced by the obligation laid down in the New Plan, the German A, B and C bonds, the bonds of the Deutsche Reichsbahn-Gesellschaft, the German Industrial bonds and the bonds of the Bank für Deutsche Industrie Obligationen are finally cancelled and shall be destroyed.

(ii.) The claims of Germany against Austria, Hungary and Bulgaria referred to in Article 261 of the Treaty of Versailles and the debts of Germany referred to in Articles 213 of the Treaty of St. Germain, 196 of the Treaty of Trianon and 145 of the Treaty of Neuilly are finally cancelled and the securities and documents relating thereto shall be destroyed.

(iii.) The measures to be taken for the destruction of the instruments above-mentioned will be settled by the small Special Committee.

3.—(i.) As soon as the New Plan has been put into force the accounts of the transitional period referred to in Annex III, Article I (1) and (2) to The Hague Protocol of the 31st August, 1929, will be closed. Sums in fact paid by Germany during that period in excess of the amounts due by her during the same period, whether under the fifth annuity of the Dawes Plan or under the New Plan, and the provisions of § II of Annex III and § I of Annex IV of The Hague Protocol, will be reimbursed to Germany.

(ii.) For the whole of the period during which the Agent-General for Reparation Payments has had such a surplus at his disposal, interest will be credited to Germany in so far as the Agent-General has received interest by the investment in reichsmarks of the sums at his disposal up to the amount of that surplus; interest will be debited to Germany in so far as, and for the period during which, the payments made by her have been less than those which she

would have made if the New Plan had been put into force on the 1st September, 1929, regard being had to the sums referred to in the two following paragraphs; this interest will be calculated at a rate equal to that of the average interest produced by the total surplus to be reimbursed to Germany.

(iii.) The sum of six million reichsmarks referred to in § 2 of Annex III to The Hague Protocol is to be deemed due by Germany on the day on which the Agent-General for Reparation Payments received from Germany payments in excess of the amounts due under the New Plan sufficient to cover that sum.

(iv.) The sum of thirty million reichsmarks referred to in § 1 of Annex IV to The Hague Protocol is to be deemed due by Germany as follows :—

5 million R.M. on 20th September, 1929.
,, ,, ,, 20th October, ,,
,, ,, ,, 20th November, ,,
,, ,, ,, 20th December, ,,
the balance (10 million R.M.) on the 31st December, 1929.

(v.) The balance of the above interest account will be settled when the principal sum due to Germany is reimbursed in accordance with the complete settlement of accounts to be approved by the Small Special Committee.

(vi.) This settlement of accounts is without prejudice to the right of the German Government to recover any savings made on the amount of six million reichsmarks referred to in paragraph (iii) above by the Reparation Commission and the Organisations of the Dawes Plan whose expenses have hitherto been covered by the Dawes Annuities. The amount of these economies, if any, will be notified and paid to the German Government as soon as the Reparation Commission is in a position to do so.

ANNEX III.

Debt Certificate of the German Government.

I.

The German Government, by this present Certificate, undertakes a solemn engagement subject to the stipulations of the New Plan as defined by Article I of the Agreement of the Hague of January 1930, to pay to the Bank for International Settlements as Trustee for the Creditor Powers, and not to any other agent nor by way of direct payment to any one of its creditors, and in conformity with the following provisions, the annuities set out in the following table plus the sums required for the service of the German External Loan 1924 as provided in the General Bond dated October 10th, 1924. The annuities set out in the table shall be paid by equal

monthly instalments on the 15th of each month and if the 15th is not a working day then on the working day next following.

			Millions of Reichsmarks.
Sept. 1, 1929–	Mar. 31,	1930	676·9
April 1, 1930	,,	1931	1641·6
,, 1931	,,	1932	1618·9
,, 1932	,,	1933	1672·1
,, 1933	,,	1934	1744·9
,, 1934	,,	1935	1807·5
,, 1935	,,	1936	1833·5
,, 1936	,,	1937	1880·3
,, 1937	,,	1938	1919·8
,, 1938	,,	1939	1938·1
,, 1939	,,	1940	1983·4
,, 1940	,,	1941	2096·1
,, 1941	,,	1942	2114·6
,, 1942	,,	1943	2131·9
,, 1943	,,	1944	2128·2
,, 1944	,,	1945	2141·4
,, 1945	,,	1946	2137·7
,, 1946	,,	1947	2133·4
,, 1947	,,	1948	2149·1
,, 1948	,,	1949	2143·9
,, 1949	,,	1950	2240·7
,, 1950	,,	1951	2283·1
,, 1951	,,	1952	2267·1
,, 1952	,,	1953	2270·1
,, 1953	,,	1954	2277·2
,, 1954	,,	1955	2288·5
,, 1955	,,	1956	2283·7
,, 1956	,,	1957	2278·1
,, 1957	,,	1958	2285·7
,, 1958	,,	1959	2317·7
,, 1959	,,	1960	2294·5
,, 1960	,,	1961	2304·4
,, 1961	,,	1962	2322·2
,, 1962	,,	1963	2314·1
,, 1963	,,	1964	2326·5
,, 1964	,,	1965	2326·0
,, 1965	,,	1966	2352·7
,, 1966	,,	1967	1566·9
,, 1967	,,	1968	1566·1
,, 1968	,,	1969	1575·9
,, 1969	,,	1970	1589·2
,, 1970	,,	1971	1602·9
,, 1971	,,	1972	1613·1
,, 1972	,,	1973	1621·5
,, 1973	,,	1974	1624·9
,, 1974	,,	1975	1627·6
,, 1975	,,	1976	1634·2

	Millions of Reichsmarks.
April 1, 1976–Mar. 31, 1977	1637·9
,, 1977 ,, 1978	1644·6
,, 1978 ,, 1979	1654·7
,, 1979 ,, 1980	1659·6
,, 1980 ,, 1981	1670·5
,, 1981 ,, 1982	1687·6
,, 1982 ,, 1983	1691·8
,, 1983 ,, 1984	1703·3
,, 1984 ,, 1985	1683·5
,, 1985 ,, 1986	925·1
,, 1986 ,, 1987	931·4
,, 1987 ,, 1988	897·8

The service of the German External Loan, 1924, shall constitute a part of the Annuities payable during the respective Annuity years until said Loan is fully redeemed, and the amount required for the service of the Loan in each Annuity year as determined by the Trustees of said Loan shall be added to the amounts specified in the foregoing table in determining the aggregate sum of each Annuity payable thereunder. The annual amounts payable for the service of the Loan shall be treated as payments on account of the non-postponable portion of the respective annuities and shall be transferred when received to the credit of the Trustees for the German External Loan, 1924.

II.

1. Except for any period in which the transfer of the postponable portion of the annuity is suspended, the monthly payments of the Reich must be made in currencies other than the reichsmark.

2. Provided always that with a view to the execution of the programmes relating to deliveries in kind and of the arrangements under the Reparation Recovery Acts, and with a view to meeting any administrative expenses incurred in Germany the Bank of International Settlements may request that a corresponding part of these payments may be made in reichsmarks.

3. The Bank may notify to the German Government and the Reichsbank simultaneously one month at least in advance of the payment dates the Bank's preferences with respect to the currencies in which payment is to be made. In case these preferences are not complied with, the Government of the Reich may make payment of such parts of the German annuities as do not relate to the service of the German External Loan, 1924, in the currencies of the Creditor countries whose nationals were members of the Committee of Experts of 1929, divided as nearly as possible in proportion to their respective shares, it being, however, understood that payments in currencies other than the reichsmark which are not on a gold or gold exchange standard shall be made only with the consent of the Bank.

4. The Bank for International Settlements shall give its receipt to the German Government for all sums which it pays or causes to be paid under this Certificate. The receipt shall make note of the currencies received, but credit shall be given to the German Government in the reichsmark equivalent of these currencies.

The Bank's receipt giving credit in reichsmarks for payments made to the Bank for International Settlements by the German Government or on its behalf for the execution of the New Plan, shall during the normal operation of the New Plan constitute a complete and sufficient discharge of the obligations of the German Government with respect to such payments.

Should, however, transfer postponement be in whole or partial effect, the Bank's receipt giving credit in reichsmarks shall constitute a complete and sufficient discharge of the obligations of the German Government with respect to all payments into the Annuity Trust Account made in foreign exchange and with respect to such portions of the payments made in reichsmarks as in the opinion of the Bank provide current funds for deliveries in kind or services. As to the remainder, the receipt of the Bank shall be in the nature of a temporary acknowledgment only.

5. The German Government undertakes that the reichsmark shall have and retain its convertibility into gold or devisen as contemplated in Section 31 of the Reichsbank Law of the 30th August, 1924, and that in all circumstances for the general purposes of the New Plan the reichsmark shall have and shall retain a mint parity of 1/2790 kilogramme of fine gold as defined in the German Coinage Law of the 30th August, 1924.

Sums paid in currencies other than reichsmarks into the Annuity Trust Account shall be calculated in terms of reichsmarks subject to the provisions of the last preceding paragraph at the average of the middle rates (Mittelkurs) prevailing on the Berlin Bourse during the fifteen days preceding the date of payment.

III.

1. To this Certificate are attached coupons representing each the whole of one annuity payable, after deduction of the amounts required for the service of the German External Loan, 1924; each coupon is divided into two parts—Part A represents that part of the annuity which is mobilisable and non-postponable; Part B the postponable portion of each annuity. Each part of the annuity coupon enjoys absolutely equal rights throughout except with regard to the possibility of postponement hereinafter provided for.

2. The Bank shall distribute moneys in payment of the mobilised or mobilisable portions of the annuity coupon among the whole of the bondholders and the creditor Governments in proportion to the rights of each to share in the portion of the annuity coupons not subject to postponement, without allowing a priority of any kind to any tranche or to any claim. It will distribute the moneys relating

to the non-mobilisable portions of the annuity coupons amongst the creditor Governments, the transfer of these moneys taking place only after the transfer of the moneys relating to the mobilised or mobilisable portion of the annuity coupon.

IV.

1. The service of interest and amortisation of the mobilisable or mobilised portions of the annuity coupons shall be paid to the Bank in currencies other than the reichsmark by the German Reich without any reservation, *i.e.*, on its own responsibility. The financial service of these mobilisable or mobilised portions of the annuities shall constitute a final and unconditional international obligation in the ordinary financial sense of the word.

2. Furthermore, upon the request of the Bank for International Settlements, acting as trustee of the Creditor Powers, if and in so far as the Bank considers such a course opportune, Germany undertakes to substitute for Part A of the coupons issuable bonds bearing its name, representing, on the same conditions as this Certificate and the said coupons, an obligation of the Reich. The amount and form of these bonds and the specifications of the currency in which they shall be issued shall be fixed by the Bank.

3. If any one or more of the Creditor States should intend to utilise internal issues of German bonds in connection with operations for the conversion of national debt, such bonds shall be quoted only on their market of issue.

4. If and in so far as Germany shall redeem reparation loans (general or conversion loans) which can be redeemed before their due date according to the issue conditions, the part of the annuity destined for the service of the loan so redeemed will accrue to Germany. It is understood that the Bank will, as far as possible, make every effort to secure that loans will not be issued without granting to Germany an appropriate right of anticipated redemption.

5. Germany shall have the right to redeem all or any part of the not yet mobilised annuities (Parts A and B of the coupons) on a basis of $5\frac{1}{2}$ per cent. discount.

V.

1. The payment of the non-mobilisable portion of the annuity coupons shall be made to the Bank for International Settlements by the German Government in the same conditions as that of the mobilised or mobilisable portion of the annuity coupons.

2. Nevertheless,

(*a*) Bonds representing the non-mobilisable portion of the annuity coupons cannot be created except with the consent of the German Government.

(*b*) It is in respect of the non-mobilisable portion of the annuity coupons that the German Government may avail itself of the right of postponing transfer or payment on the following conditions.

3. The German Government, by giving at least 90 days' previous notice, shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of the postponable part of the annuity. Transfer postponement thus declared shall affect the postponable annuity as and from that date on which transfer postponement becomes effective.

4. If, during any annuity year, the German Government shall avail itself of this power, the transfers falling due during any second year cannot be postponed for more than one year from their respective due dates, unless and until the transfers due during the first year shall have been effected in full, in which case the transfers due during such second year may be postponed two years from their respective due dates; and the transfers due during any third year cannot be postponed at all until the transfers due during the first year have been effected in full.

5. At any time when postponement of transfer is in effect but not until one year after it has become effective, the German Government shall have the right to postpone payment for one year of 50 per cent. of any sum the transfer of which shall then be susceptible of postponement under the conditions stated above. This percentage may be increased upon the recommendation of the Advisory Committee provided for in part 8 (*e*) of the Report of the Experts of 1929.

6. Any sum in reichsmarks the transfer of which is postponed shall be deposited to the account of the Bank for International Settlements at the Reichsbank for eventual release of balances not absorbed by deliveries in kind, against payments in foreign currencies by the German Government. At all times the employment, whether for investment or for deliveries in kind, of reichsmarks so deposited shall be subject to agreement between the Reichsbank and the Bank for International Settlements.

7. In settling the way in which these sums are to be employed account shall be taken of the possibility of establishing special programmes in conformity with the procedure, provision for which is made in Appendix I to Annex II to The Hague Protocol of the 31st August, 1929.

8. Interest at the rate of 1 per cent. per annum above the prevailing Reichsbank discount rate, or $5\frac{1}{2}$ per cent., whichever is lower, shall be paid half-yearly by the German Government on the daily amount of the sums the transfer or payment of which has been postponed and which have not been invested or utilised for deliveries in kind. This interest shall be treated in all respects similarly to the principal sum upon which it accrues, and the return upon that portion of the funds actually invested shall be for the account of the Creditor Powers.

9. At the end of any period in respect of which a total or partial postponement of transfer or payment has been declared for any monthly instalment, the instalment or part thereof the transfer or payment of which has been so postponed shall become immediately payable to the Bank for International Settlements in foreign currencies, with the exception of any amounts of which

the Creditor Powers have already had the benefit in some other form in pursuance of the New Plan. This clause modifies in no way the functions of the Special Advisory Committee provided for in the New Plan.

10. In the event of any declaration of postponement made by Germany or at any other time when the German Government declares to the Creditor Governments and to the Bank for International Settlements, that it has come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities, the Bank for International Settlements shall convene the Special Advisory Committee mentioned in Chapter 8 (*e*) of the Experts' Plan of the 7th June, 1929.

The Special Advisory Committee shall forthwith consider the situation in all its aspects, as provided in the Plan, and shall indicate for consideration by the Governments and the Bank what, in their opinion, are the measures that should be taken in regard to the application of the Plan. In application of Article 124 of the Report of the Experts of the 7th June, 1929, any recommendation of the Committee affecting the rights of the Creditor Governments shall not bind the Creditor Governments unless it is accepted and confirmed by the Creditor Governments who participated in the decision of September 16th, 1928, to set up the Committee of Experts. Similarly, any recommendation affecting the rights of the German Government shall not bind the German Government unless it is accepted and confirmed by that Government.

VI.

The German Government undertakes during the period up to March 31st, 1966, to maintain at the Bank for International Settlements a non-interest bearing deposit equivalent to 50 per cent. of the average deposit remaining in the Annuity Trust Account, but not exceeding 100 million reichsmarks.

The Bank shall to this end certify to the German Government and to the Creditor Governments every month the average of the balance at the close of each working day left by the Creditor Governments on deposit without interest during that month, in respect of the sums arising from the German payments under the Dawes Plan or under the New Plan up to the time when they are drawn out by the Creditor Governments.

The first deposit will be paid by the German Government to the Bank fifteen days after the putting into execution of the New Plan, the amount of the deposit being calculated on the average of the daily balances above mentioned left with the Agent-General for Reparation Payments or the Bank during the month ending two working days prior to the date of deposit, excluding sums returnable to the German Government under Annex III of the Hague Protocol of August 31st, 1929.

The deposit shall be maintained at the amount so calculated during one month. At the end of this period the deposit will be

adjusted by a further deposit or by the withdrawal of part of the existing deposit, on the basis of the average of the daily balances referred to above during the month ending two working days before the date of the adjustment.

A similar adjustment will take place at the end of the second month from the date of the first deposit.

At the end of the third month, and thereafter, at intervals of three months, the deposit shall be adjusted on the basis of the average of the daily balances referred to above during the three months ending two working days before the date of each such adjustment. The intervals referred to in this paragraph may be changed by agreement between the Governments concerned with the concurrence of the Bank for International Settlements.

VII.

As a collateral guarantee the German Government, without prejudice to its general liability for payment of the annuities and its complete freedom to make these payments out of its general revenues and without prejudice to the securities for the German External Loan, 1924, assigns, in pursuance of the provisions of the relative Annex of the Agreement of The Hague of January, 1930, the proceeds of the customs, tobacco, beer and alcohol (Monopoly Administration) duties to the service of the present Certificate, including the service of any bonds which may be issued in accordance with the New Plan.

The proceeds of the annual direct tax of 660 million reichsmarks payable by the German Railway Company are also assigned as a collateral guarantee to the service of the annuities. The amounts of the obligation of the German Railway Company will be paid in accordance with the Certificate of Debt of that Company on the first day of each month, and if the full amount of the previous monthly payment due by the German Government has been paid, the amounts so paid by the German Railway Company will be transferred, immediately on their receipt, to the German Government.

VIII.

The obligation of the German Government in relation to the annuities for which this Certificate provides shall not be deemed to have been fulfilled until all sums, the transfer or payment of which may from time to time have been suspended, have been either in fact completely transferred to the Bank for International Settlements in the shape of approved currency other than the reichsmark or employed for deliveries in kind.

IX.

At the end of each annuity period, when the Bank for International Settlements has received from the German Government the amounts due under this present Certificate, the Bank will

return to the Government the coupon corresponding to the payments of that annuity period. The Certificate itself will be delivered when all the coupons have been paid.

X.

The foregoing provisions shall not be deemed to affect the provisions of the New Plan, which are not dealt with in this certificate.

Annuity Coupon (not including the service of the German External Loan, 1924).

Part A.

The German Reich will pay to the Creditor Powers at the Bank for International Settlements on account of the non-postponable part of the Annuity for the period from the , 19 , to the , 19 , the sum of 612,000,000 reichsmarks.

The relative provisions of the Certificate apply to the present coupon.

A note of the payment of each instalment will be endorsed on the present coupon. When the full amount of the above sum has been paid this coupon will be returned to the German Government.

Berlin, the , 1930.

Reichsschuldenverwaltung.
(Administration of the Debt of the Reich).

Part B.

The German Reich will pay to the Creditor Powers at the Bank for International Settlements on account of the postponable part of the Annuity for the period from the , 19 , to the , 19 , the sum of reichmarks.

The relative provisions of the Certificate apply to the present coupon.

A note of the payment of each instalment will be endorsed on the present coupon. When the full amount of the above sum has been paid this coupon will be returned to the German Government.

Berlin, the , 1930.

Reichsschuldenverwaltung.
(Administration of the Debt of the Reich).

ANNEX IV.

Certificate of the German Railway Company.

By the present Certificate, the undersigned confirm that the German Railway Company has to pay, as contribution to the annuity for reparation purposes to be paid by the Reich, a Reich tax amounting to 660 million reichsmarks per annum.

This tax will fall due in equal monthly instalments of 55 million reichsmarks after the end of each month on the first day of the

following month, and—where the first day happens to be a Sunday or holiday—on the following working day. It shall be paid direct into the account of the Bank for International Settlements at the Reichsbank. The payments begin to fall due on the 1st October, 1929, and end on the 1st April, 1966. Payments on the due dates must be effected before 9 o'clock in the morning.

The tax is to be paid in accordance with the conditions, privileges and guarantees fixed by the Railway Law of , and, in particular, in conformity with the following provisions :—

The Tax shall be paid out of the operating receipts of the Company with recourse, if necessary, to all reserves. It shall rank after the expenditure on personnel and on the same footing with expenditure on material and consumable stores. It shall enjoy priority over any other tax now levied on the Railway Company, or which may be levied in the future, and shall rank prior to any other charge, by way of mortgage or otherwise, on the Company.

In conformity with paragraph 1 of Article 5 of the Law of , the undertaking assumed by the Company to pay the reparation tax for the year 1965 and until the 31st March, 1966, will be transferred to the organisation to be created to administer the railways of the Reich in conformity with Article 92 of the Reich Constitution, the above provisions being applied *mutatis mutandis*.

ANNEX V.

Provisions to be inserted or maintained in the German Bank Law.

Article 1.

Remains unchanged.

Article 2.

Remains unchanged.

Article 3.

Remains unchanged (in connection with Article 5 of the Coinage Law, 1924).

Article 6.

The Bank shall be administered by the Managing Board of the Reichsbank (Reichsbankdirektorium), which consists of a President as Chairman and the required number of members. In particular, the Managing Board shall direct the currency, discount and credit policy of the Bank.

The President and the members must be German nationals.

The resolutions of the Managing Board are passed by simple majority; in the case of an equality of votes, the President has a casting vote.

The President shall be elected by the General Council after the latter has heard the Managing Board of the Reichsbank. Such election requires a majority of 7 votes and the confirmation of the President of the Reich, who signs the deed of appointment. By the delivery of the deed the President elected is duly appointed.

The members of the Managing Board shall be appointed by the President after approval by the General Council. The same majority is required for such approval as for the election of the President. The appointment requires confirmation by the President of the Reich. The members are duly appointed by delivery of the deed of appointment. The appointment shall be for a term of twelve years, subject always to the condition that, on attaining the age of 65 years, a member shall cease to hold office.

The term of the first-appointed members of the Managing Board shall be as follows: With the exception of the President they shall be divided into 3 groups, of which the two first must be equal in number and the third group may be equal in number or less, but in any case shall be as near as possible in number to the first group. The first group shall contain the members youngest in years, and the third group the oldest, the second group containing the remaining members. The members of the first group shall be elected for 12 years, the members of the second group shall be elected for 8 years and the members of the third group shall be elected for 4 years. The same age limit of 65 years shall apply in every case.

The term of office of the President is four years. The President and the members are eligible for re-election.

The election of a new candidate shall not take place unless the candidate is approved by the Managing Board. The approval shall be considered as refused if two-thirds of the members have voted against the new candidate.

On important grounds the President or a member of the Managing Board can be dismissed at any time without prejudice to their contractual rights. Dismissal of the President on important grounds can be voted by the General Council with the same majority as provided for in paragraph 4 above, and in the case of a member of the Managing Board it can be voted likewise by the General Council with the same majority, but not without the President's consent. The dismissal of the President or of a member of the Managing Board requires confirmation by the President of the Reich.

ARTICLE 9 (first paragraph).

Remains unchanged.

ARTICLE 10.

Remains unchanged.

ARTICLE 12.

In every year a report as to administration shall be presented to the General Meeting. The General Meeting shall decide as to the balance-sheet and as to the distribution of profits in accordance with this Law.

The General Meeting shall also determine the 'Satzung' and any changes in the 'Satzung' on the proposal of the Managing Board and with the consent of the General Council. The 'Satzung' and any changes therein shall be published by the Managing Board in the 'Reichsanzeiger.'

ARTICLE 14.

A General Council of the Reichsbank shall be constituted consisting of 10 members. These members must be German nationals.

ARTICLE 15.

The President of the Reichsbank Managing Board shall be one of the members and also Chairman of the General Council.

The term of office of a member of the General Council with the exception of the President shall be three years.

ARTICLE 16.

The members of the General Council, with the exception of the President, shall be elected by means of co-option by those members of the General Council who are in office at the time, subject to confirmation on the part of such of the shareholders as are German nationals. Before the election the Chairman of the General Council or his deputy shall consult the Government of the Reich concerning the election.

ARTICLE 17.

The following classes of persons shall not be elected as members of the General Council:

(*a*) officials in the immediate service of the German Reich or of any German State, unless they are in a permanent state of retirement;

(*b*) persons who receive any payment from the German Reich Government or from the Government of any German State. Remuneration for earlier services does not count as payment.

ARTICLE 18.

Decisions of the General Council shall require a simple majority; if the votes are equally divided the Chairman shall have a casting vote. This provision shall not apply to the election of the President, nor to the assent to be given to the appointment of the members of the Managing Board.

At each of its meetings, and at least once in three months, the General Council shall examine the reports submitted to it by the President. It shall decide on all proposals made to it by the President, provided that such decisions do not encroach upon the rights of administration of the Bank reserved to the Managing Board.

ARTICLE 21.

Add at end as new paragraph :—

"All functions confided to and obligations imposed on Central Banks in general or any one such Central Bank specially by the New Plan (Hague Agreement, January 1930) will be performed in Germany by the Reichsbank. All functions confided to and obligations imposed on Presidents of Central Banks in general or any one such President specially by the New Plan will be performed in Germany by the President of the Reichsbank."

ARTICLE 22.

Remains unchanged.

ARTICLE 25.

The Reichsbank is under obligation to accept or make payment for the Reich at the request of the Government Authorities by any of its establishments appropriate for that purpose and also to effect transfers without the transmission of cash between the various financial establishments of the Reich.

Without prejudice to the rule contained in the fourth paragraph of this section the Bank shall be authorised to give credit to the Reich for purposes of administration; but in each case for a term not exceeding three months and only up to the maximum amount of one hundred million Reichsmarks. On the 15th July of each year the Reich must not be indebted to the Bank in any way.

Paragraphs 3 to 6 remain unchanged.

ARTICLE 27.

The preparation and completion, the issue, the withdrawal and the destruction of bank notes shall be effected under the control of the President of the "Rechnungshof of the German Reich" as Commissioner.

The checking of the issue of notes shall be effected by numerically ascertaining the available note cover as prescribed by law. The examination shall take place on those days for which the Bank, according to Article 36, paragraph 1, regularly publishes its returns. The reports as to such examination must be submitted to the General Council at each of its meetings. No examination or discussion concerning the credit, discount and currency policy of the Bank shall take place in connection with the checking.

Statements as to the cover of notes and as to the notes in circulation must be given to the Commissioner daily.

Paragraphs 4 and 5 remain unchanged.

ARTICLE 28.

Remains unchanged.

ARTICLE 29.

Remains unchanged.

ARTICLE 31.

Remains unchanged.

ARTICLE 38, paragraph 4.

While the note issue privilege is in force, the Reichsbank may only go into liquidation with the consent of the Government of the Reich. Thereafter, the Reichsbank shall before going into liquidation give notice to the Government in good time.

ARTICLE 45.

Remains unchanged.

ARTICLE 46.

Remains unchanged.

ANNEX Va.

Procedure for the modification of certain provisions of the German Bank Law.

ANY proposal which may affect the provisions of Annex V must be submitted by the German Government to the Board of Directors of the Bank for International Settlements.

The Board may object to any such proposal, on the ground that it is incompatible with the New Plan, by referring the question within a period of two months, in the absence of an agreement being reached, to an arbitrator chosen by common consent, or, in default of such consent, to the Tribunal provided for in the present Agreement. The decision of the arbitrator or Tribunal shall be final and will bind the Reich, the Bank for International Settlements and the States signatory to the present Agreement.

ANNEX VI.

Amendments to be made in the Law and in the Statutes concerning the German Railway Company.

Railway Law.

Amendments.

Section 1.—*Incorporation of the Company.*

(1) A Company is incorporated by the present Law to operate the Railways of the Reich.

(2) The Company shall operate the Railways of the Reich on behalf of the Reich in conformity with the provisions of the present Law and the Statutes annexed thereto (Annex I).

Section 2.—*Conduct of the Undertaking.*

No change.

Section 3.—*Capital.*

(1) The original share capital of the Company shall be fifteen (15) milliard reichsmarks, divided into two (2) milliard reichsmarks of preference shares (*tranche* A) and thirteen (13) milliard reichsmarks of ordinary shares subject to the special provisions laid down in Section 26 of the Statutes as regards the preference shares.

(2) For the purpose of obtaining the funds required for the improvement, perfecting and extension of the plant and rolling-stock of the Railways of the Reich and for other extraordinary expenditure, the Company is entitled to increase its capital by the issue of further preference shares (*tranche* B), the total nominal amount of such shares not to exceed the sum of two milliard reichsmarks for each period of ten years dating from the first issue of such preference shares. The increase of the capital is conditional upon the assent of the Government of the Reich.

(3) formerly (2). No change.

Section 4.—*Reparation Tax.*

(1) The Company shall pay, as a contribution of the Deutsche Reichsbahn to the reparation annuities payable by the Reich, a tax of the Reich to an amount of 660 million reichsmarks per annum (reparation tax). The reparation tax shall fall due, in equal monthly instalments of 55 million reichsmarks, upon expiration of each month on the first day of each subsequent month, and where the first day is a Sunday or holiday, upon the first working day following; the tax shall be paid direct into the account of the Bank for International Settlements at the Reichsbank; the first payment shall fall due on the 1st October, 1929, and the last payment on the 1st April, 1966, subject to the provision of Section 5 of the present Law. The payments shall be made before 9 A.M. on the days fixed for the same.

(2) The Reparation Tax shall be paid out of the operating receipts of the Company with recourse, if necessary, to all reserves.

It shall rank after the expenditure on personnel and on the same footing with expenditure on material and consumable stores. It shall enjoy priority over any other tax now levied on the Railway Company, or which may be levied in the future, and shall rank prior to any other charge, by way of mortgage or otherwise, on the Company.

(3) The Company shall deposit with the Bank for International Settlements a certificate acknowledging its liabilities under paragraphs (1) and (2) above. The Reparation Bonds created in virtue of Section 4 of the Law of the 30th August, 1924, and handed over to the Trustee shall be cancelled and destroyed in the presence of a representative of the Company.

(4) The payment of the reparation tax by the Company shall be guaranteed by the Government of the Reich. As soon as the Bank for International Settlements notifies the Government that a payment due has not been effected either in whole or in part, the Government shall authorise the Company to devote to the payment of the arrears of reparation tax the proceeds of the transport tax collected for the account of the Reich, in so far as such a tax exists. If these resources prove insufficient the Reich shall meet the deficit within one month of receiving notice from the Bank, either by placing the sums required for the payment at the disposal of the Company or by making a direct payment into the account of the Bank for International Settlements at the Reichsbank. Apart from the above provision, the transport tax shall be exempt from all special charges in respect of reparations.

(5) The sums paid by the Government to cover a deficit in the reparation tax and the proceeds of the transport tax devoted by the Company to the same purpose in virtue of paragraph (4) above shall be repaid to the Reich in conformity with the provisions of Section 25, paragraph (3), No. 3 of the Company's Statutes.

(6) The Company is entitled, with the assent of the Bank for International Settlements and subject to the terms agreed on with the Bank, to discharge the reparation tax in whole or in part by a capital payment. The Government of the Reich may require the Company to exercise this right of discharge provided that the Reich places the necessary funds at the Company's disposal. Any capital payment shall extinguish the liability of the Company under paragraphs (1) and (2) in a corresponding degree. The right of the Government of the Reich provided for in the Agreement of of relating to the redemption of reparation annuities remains unaffected.

Section 5.—*Concessions. Transfer of Rights and Obligations.*

(1) The Reich shall concede to the Company the exclusive right to operate the railways of the Reich under the conditions set forth in this Law and in the Company's Statutes. The concession shall terminate on the 31st December, 1964, provided that at the said date all the reparation tax payments payable up to that date, including the payment falling due on the 2nd

January, 1965, have been discharged and all the preference shares have been redeemed. The liability of the Company to the payment of the reparation tax in 1965 and up to the 31st March, 1966, shall then be transferred, subject to the continued application of the provisions of Section 4, to the undertaking entrusted with the operation of the railways of the Reich in accordance with Article 92 of the Constitution.

(2) In the event of the Company's liability to pay the reparation tax direct into the account of the Bank for International Settlements at the Reichsbank terminating before the 31st December, 1964, the concession shall be shortened accordingly and will terminate forthwith, provided that the preference shares have all been redeemed by that date. On the other hand, if at the 31st December, 1964, the whole of the Reparation tax payments due up to that date have not been made, or if the whole of the preference shares have not been redeemed, the concession shall be prolonged under the same conditions until such time as the payment of the tax and the redemption of the preference shares have been completed.

(3) to (7) No change.

Section 6.—*Railway Property of the Reich.*

(1) No change.

(2) The Company shall be entitled to dispose of property belonging to the railways of the Reich where, in the opinion of the Company, such disposal is not inconsistent with reasonable operating needs. Nevertheless, before disposing of any property the value of which exceeds 250,000 reichsmarks, the Company shall be required, subject to the provisions of Section 8, to obtain the consent of the Government. Where no other method of utilisation has been agreed upon with the Government of the Reich the proceeds of sales shall be utilised for the improvement, completion or extension of plant and rolling-stock.

Section 7.—*Limited Liability of Railway Property for Debts of the Reich.*

No change.

Section 8.—*Loans and Credits.*

(1) The Company shall have the right to raise loans on its own account, provided that their currency does not extend beyond the 1st January, 1965, and for the purpose of such loans to mortgage the property of the railways of the Reich.

(2) to (4) No change.

(5) For the purpose of guaranteeing loans (paragraphs 1 and 2) by mortgages, the Company shall be entitled to grant a collective mortgage (Reichsbahn-hypothek) on all land sites forming part of the property of the railways, together with all accessories, including rolling-stock.

Section 9.—*Operation.*

(1) The Company shall assume responsibility for the safe operation of the railways of the Reich and for such adequate maintenance, renewal and development at its own expense of the undertaking, with all its accessories, as will meet the requirements of traffic and the progress in railway technique.

(2) Subject to these principles and other legal prescriptions and within the limits of the control reserved to the Reich (see Section 31 and following) the Company shall be entitled to operate the railways on its own responsibility.

Section 10.—*Monopoly.*

No change.

Section 11.—*Classification of Railways.*

The Government of the German State concerned and the Company shall be entitled to be heard on the question as to whether a railway is to be considered as of general interest; the final decision rests with the Minister of the Reich responsible for the control of the railways.

Section 12.—*Transfer of Rights under the Concession.*

In special cases where it appears advantageous in the operation of the undertaking the Company may, with the assent of the Government of the Reich, transfer the concession of individual parts of the system to third parties, provided that the Company's ability to pay the reparation tax and the security of the same are not diminished thereby.

Section 13.—*Services to or by Departments of the Governments.*

No change.

Section 14.—*Exemption from Taxation.*

No change.

Section 15 (new).—*Contributions towards the Administrative Expenditure of the Communes.*

In discharge of claims to a contribution towards administrative expenditure put forward by communes in which a relatively large proportion of railway staff is domiciled, the Company shall pay annually to the Government of the Reich the fixed sum of five million reichsmarks agreed on with the Government, which will lay down the principles of distribution among the communes concerned. Should circumstances alter in the future, the amount payable by the Company shall be fixed by a new agreement between the Government and the Company.

Section 15 (former).—*Transport Tax.*

Omitted.

Section 16.—*Other Laws; their Application to the Company.*

(1) The Company shall be subject to general legislation, in so far as it does not enjoy a privileged position in virtue of the provisions of the present Law or of the Company's Statutes. The laws and decrees relating to private railways alone, in particular to their concession, operation or supervision, shall not be applicable to the Company.

(2) formerly (1). No change.

(3) formerly (2). No change.

(4) The Company shall be entitled to claim for itself and its personnel the benefit of the provision which exists in favour of the Departments or undertakings of the Reich and their personnel in the matter of the Versicherungs-, Wirtschafts-, Arbeits-, Fürsorge- and Wohnungsrecht (insurance, economic labour, pensions and housing legislation). The right to such benefit will be acquired by a declaration to the Government of the Reich. Where a special decree is required to establish the Company's privileged position under the laws concerned, such decree shall be issued by the Minister of the Reich responsible for the control of the railways. The powers exercised by the supreme authority of the Reich (Oberste Reichsbehörde) in these matters shall, unless otherwise stipulated in the laws, be exercised by the Director-General.

(5) and (6). No change.

Section 17.—*Company Officials not State Officials.*

The authorities of the Company shall not be authorities or official organs of the Reich. They have, however, the same standing under public law and the duties connected therewith as the Deutsche Reichsbahn undertaking prior to the creation of the Company. The Company shall be entitled to use a seal displaying the German eagle.

Section 18.—*Representation of the Company.*

No change.

Section 19.—*Legal Position of the Personnel.*

(1) The Company shall draw up staff regulations (Personal-ordnung) in conformity with and subject to the following provisions. The regulations shall define the rights, conditions of service and salaries of the Railway officials (Beamte) on lines similar to those governing the provisions in respect of officials of the Reich. Where the Company believes that the special circumstances of the Railway necessitate a deviation in its own regulations from the provisions applicable to officials of the Reich, the Company shall inform and

discuss its intentions with the Government of the Reich. If no agreement can be reached, the final decision shall rest with the Railway Court (Section 44). Until the Railway Court takes a decision, the existing regulations shall remain in force.

Provisional Regulation.

The regulations governing the rights, conditions of service and salaries of railway officials on the 1st October, 1929, shall be considered as having been issued in agreement with the Government of the Reich.

(2) The staff regulations may contain provisions in respect of the rights and conditions of service of employees and workers, where such rights and conditions of service are not the subject of agreements based on recognised general principle (wage agreements, working agreements, individual contracts).

Provisional Regulation.

Matters regulated on the 1st October, 1929, under Sections 3 to 32 of the staff regulations or entrusted to the Director-General for settlement in virtue of the staff regulations shall be considered to be matters which may be decided by the staff regulations, save in so far as otherwise provided under Section 19, paragraph 3.

(3) Save in so far as otherwise provided in the present law or in the Company's Statutes, the general laws and ordinances governing labour, pensions and insurance shall apply to the officials, employees and workers of the Company. In particular, legislation on the working hours of employees and workers shall apply to the employees and workers of the Company. In those branches of the service, however, in which the special conditions of the Railway system or the collaboration of officials, employees and workers calls for a uniform regulation of working hours, the Company may secure such uniformity by applying the service regulations for officials to the working hours of employees and workers. Those branches of the service in which the service regulations for officials may be given general application are enumerated under Section A of Annex II to the present law; under Section B are enumerated those branches of the service in which such general application is not permissible. In the case of branches of the service not included under either A or B, the regulation of working hours by general agreement, in particular by wage agreement, shall take into consideration the principle established in sentence 3 in respect of the application of the working hours of officials to employees and workers.

(4) and (5), formerly (3) and (4). No change.

Section 20.—*Protection of Existing Rights.*

No change.

Section 21.—*Local Employment of Staff.*

No change.

Section 22.—*Staff Regulations.*

The Staff Regulations to be drawn up by the Company shall in particular determine the following matters, subject always to the provisions of this Law :—

(*a*) The conditions of appointment and promotion of officials;
(*b*) Their classification;
(*c*) Salaries, retaining pay and all other allowances to officials, as also the pension scale and allowances to surviving dependants;
(*d*) Hours of work (hours on and off duty) of officials;
(*e*) Conditions of employment and appointment of candidates entitled to civil employment.

Section 23.—*Duties of Officials (Beamte).*

(1) No change.

(2) In case of breach of duty, the railway official shall be subject to the same disciplinary procedure, with the necessary changes, as is provided for at the time in question in the case of officials of the Reich. In any such case, the Director-General or his authorised representatives shall possess the powers of the supreme authority of the Reich (Oberste Reichsbehörde).

(3) No change.

Section 24.—*Retirement on Retaining Pay.*

The Company can place its officials temporarily on the retired list with retaining pay. The principles governing temporary retirement and the legal means of redress of officials against such a measure shall be laid down in the staff regulations. The provisions of the staff regulations in force on the 1st October, 1929, relating to temporary retirement, legal means of redress, and the participation of representatives of the officials in the decisions on legal means of redress, cannot be amended without the assent of the Government of the Reich.

Section 25.—*Persons Entitled to Civil Employment.*

No change.

Section 26.—*Reservations as to Salaries.*

(1) In fixing the pay and permanent allowances of railway officials other than superior officials (leitende Beamte) the Company shall act in conformity with the provisions of Section 19.

(2) formerly (3). This provision shall not affect the right of the Company to grant bonuses on general principles for service in particularly responsible posts or under particularly difficult circumstances, as well as for exceptional services rendered, provided that the total of such bonuses does not exceed four per cent. of the total expenditure on the pay of officials. The principles in question shall be established and published after consultation with the Officials' Council or with the representative organisation taking its place in virtue of subsequent legislation.

(3) formerly (4). The Company shall be free to fix the emoluments of superior officials. These officials will be designated by the Board of Management. Should their number exceed one-half per mille of the total permanent staff, the assent of the Government of the Reich must be obtained.

Section 27.—*Unity of the Undertaking.*

No change.

Section 28.—*Domicile of the Company.*

No change.

Section 29.—*Accountancy.*

No change.

Section 30.—*Balance Sheet, Profit and Loss Account.*

(1) No change.

(2) The Government shall have the right to examine the Company's Balance-sheet and Profit and Loss Account at any time, to inspect all such books of account concerning the Balance-sheet and Profit and Loss Account as are kept at the Head Office of the Company, and to call for all necessary information, provided that no unnecessary expenditure is thereby entailed on the Company.

(3) No change.

Section 31.—*Government Supervision.*

The Government reserves over the Company the rights following :—

(1) The right to ensure that the railways of the Reich are administered in conformity with the laws and in accordance with the requirements of traffic and of the German economy, subject, at the same time, to the observance of the special rights and duties arising in respect of the management of the Company out of the provisions of the present Law and the Company's Statutes;

(2) The right to ensure that the railways of the Reich, together with all their works, rolling-stock, plant and material, are maintained and operated in a manner consistent with safety and public convenience;

(3) The right to approve—

(*a*) The permanent closing for traffic of a line or of an important station.

Where the Company intends to close down a large workshop, it is sufficient if six months' notice is given to the Government of the Reich;

(*b*) The general fundamental renewal or alteration of technical installations, in particular the right to approve the extension or restriction of electric traction or changes in the system of safety appliances. The Company shall remain solely responsible for the technical details of construction;

(4) The right to approve the foundation or acquisition of other undertakings or participation in other undertakings;

(5) Such participation in fixing tariffs as is specified in Section 33;

(6) Such participation in fixing passenger train services as is specified in Section 35;

(7) The right to approve the abolition of any of the existing classes in passenger traffic;

(8) The right to supervise the maintenance of emergency services.

Section 32.—*Government's Right to Information.*

(1) The Government may require the Company to furnish all information of a financial nature, together with all information required in the exercise of its right of supervision. No unnecessary expense is thereby to be caused to the Company.

(2) The Minister of the Reich responsible for the control of the railways is entitled to inspect all plant and service departments throughout the entire system, or to cause the same to be inspected by his officials. He is entitled, together with those of his officials entrusted with railway matters of the Reich, to travel free of charge on the Company's system.

(3) The Government of the Reich is entitled to send *one* representative to the meetings of the Board of Management in accordance with Section 16 of the Company's Statutes.

(4) The Company shall inform the Minister of the Reich responsible for the control of the railways of all important measures of a general nature.

(5) Officials entrusted with the supervision of the railways shall be bound to secrecy in matters of a confidential nature concerning the Company.

Section 33.—*Tariffs.*

(1) No change.

(2) No change.

(3) The approval of the Government shall be held to have been given if the Company has not received a reply from the Minister of the Reich responsible for the control of the railways within twenty days of an application by the Company for approval. The definite decision of the Government on any tariff proposal submitted by the Company shall always be given with the least possible delay. Where no definite decision is pronounced within six months, or where approval is withheld altogether or in part, the Company may appeal to the Railway Court (Section 44). In this event the existing tariffs shall remain in force until the Railway Court has made its award.

(4) No change.

(5) The Government of the Reich may, in addition, call for such tariff changes as it considers necessary. In the event of differences between the Government and the Company the decision rests with the Railway Court (Section 44).

Section 34.—*Protection of the Reparation Tax and of Interest and Sinking Fund.*

The rights of supervision and control of the operation and tariffs of the Company reserved to the Government by the present Law shall be exercised in such a way as to secure the payments in respect of the reparation tax, the interest and sinking fund for the bonds, the preference dividend and the provision of funds for the redemption of the preference shares.

Section 35.—*Time-Tables.*

No change.

Section 36.—*Negotiations with Foreign Governments.*

No change.

Section 37.—*New Works.*

(1) No change.

(2) Where new works or the modification of existing railway works come within the administrative sphere of the police of a particular German State, the Company shall consult the authorities of the State in question before definitely fixing its plans. Where new works or modifications come within the administrative sphere of authorities of the Reich, which have taken over duties of the police of the State in question, such authorities of the Reich shall also be heard. Where the hearing leads to differences between the Company and the State or Reich authorities concerned, the plans shall be finally decided upon by the Government of the Reich. The plans for new lines of the Company shall always be decided upon

by the Government of the Reich. In both cases the Company shall submit the plans, together with the memoranda, where such have been drawn up by the authorities concerned, to the Minister of the Reich responsible for the control of the railways. The fixation of the plan comprises the final decision in respect of all matters affected by the drafting of the plan.

(3) to (5) No change.

Section 38.—*Compulsory Taking of Lands.*

(1) and (2) No change.

(3) The expropriation or restriction of ownership of parts of the property of the Railway and of land sites owned by the Company shall require the previous assent of the Government of the Reich.

Section 39.—*Respective Rights of Road and Rail.*

When, at any point where a railway crosses a public road, the growth of traffic or any other change of circumstances renders necessary an alteration either of the railway, or of the public road, or of both railway and road, the costs shall be borne by the Company if the alteration is required exclusively to meet the needs of the railway service; they shall be borne by the road authority if the alteration is required exclusively to meet the needs of road traffic; in every case the other party shall bear a share of the costs proportionate to the financial advantages accruing to it as a result of the alterations undertaken. The costs shall be divided equitably between the two parties, if the alteration is required to meet the needs of both parties. In case of disagreement as to the division of the costs, the question shall be decided without appeal by the Minister of the Reich responsible for the control of the railways, except in cases where such decision has to be given by an Administrative Tribunal.

Section 40.—*Transfer of Duties incumbent upon the Transport Administration.*

The Government of the Reich may, in agreement with the Company, entrust individual departments or officials of the Company, in particular the Districts (Reichsbahndirektionen), with the supervision on behalf of the Reich of railways not operated by the Company (Article 95 of the Constitution) and with other duties of transport administration. Such duties are to be fulfilled in accordance with the instructions of the Government and for the account of the same. Railway officials entrusted with such duties are to be specially sworn in for these functions.

Section 41.—*Expiration of the Concession.*

(1) As from the expiration of its concession the Company shall hand back to the Government in good condition and free of all

cost the undertaking and everything attached thereto, together with an adequate supply of stocks and stores and all subsidiary works and undertakings, subject to such agreements as may have been concluded between the Company and the Government under Section 8, together with all holdings in other undertakings. On such re-transfer the Reich shall be held to take over all the rights and obligations connected with the Company's operation.

(2) No change.

Section 42.—*Liquidation.*

No change.

Section 43.—*Staatsvertrag.*

(1) No change.

(2) Differences as to the interpretation or application of the provisions of paragraph 1, so far as they are applicable to the Company, shall be determined exclusively by the Railway Court (Section 44). In any such proceedings the States shall be represented by the Reich.

Section 44.—*Railway Court.*

(1) Disputes between the Government and the Company in respect of the interpretation of the provisions of this Law and of the Company's Statutes, or in respect of measures under the Law or the Statutes, in particular tariff matters, shall be referred to a special tribunal (Railway Court).

(2) The Railway Court will be constituted at the Court of Administration of the Reich (Reichsverwaltungsgericht) as soon as the latter is established. The Railway Court shall comprise the Chairman and two members of a Chamber of the Court of Administration appointed once for all by the President of the said Court of Administration. In disputes on tariff matters two further members will be added, the one being appointed on the proposal of the Government and the other on the proposal of the Company in each case afresh by the President of the Court of Administration. Until the Court of Administration is established, the Railway Court shall have its seat at the Supreme Court of the Reich (Reichsgericht) and shall comprise three permanent members and two members appointed afresh in each case. The permanent members together with two replacing members shall be appointed by the President of the Staatsgerichtshof and shall be judges with special experience in matters of public law. One of the permanent members shall be appointed as Chairman and another as Vice-Chairman by the President of the Staatsgerichtshof. Of the two members to be appointed afresh in each separate case the one shall be appointed on the proposal of the Government and the other on the proposal of the Company by the President of the Staatsgerichtshof. The provisions of Section 19, sentences 2 and 3; Sections 20 to 22, Sections 24 to 26, Section 28, paragraph 1; Section 29, paragraph 1 and paragraph 2, sentence 1,

and Section 30 of the Law relating to the Staatsgerichtshof (Reichsgesetzblatt 1921, page 905) apply *mutatis mutandis*. The detailed provisions governing procedure shall be fixed by regulations to be issued by the President of the Court of Administration, or until the constitution of this Court by the President of the Staatsgerichtshof, and published in the Reichsgesetzblatt. The said regulations shall ensure the pronouncement of a decision by the Railway Court with the minimum of delay.

(3) and (4) Omitted.

Section 45.—*Arbitrator.*

Omitted.

Section 46.—*Gold Mark.*

Omitted.

Section 47.—*Temporary Provisions.*

Omitted.

APPENDIX I TO THE LAW.

Concession (Statutes) of the German Railway Company.

Amendments.

Section 1.—*Name of the Company.*

(1) No change.

(2) Its legal status is fixed by the Deutsche Reichsbahn-Gesellschaft Law of the 30th August, 1924, as amended by the Law of and by this Concession which forms part of the Law. The Head Offices of the Company shall be in Berlin.

(3) The Company's financial year shall begin on the 1st January, and shall end on the 31st December of each year.

Section 2.—*Objects of the Undertaking.*

No change.

Section 3.—*Original Capital.*

(1) The Company's original capital shall consist of fifteen (15) milliard reichsmarks divided into two (2) milliards of preference shares (group A) and thirteen (13) milliards of ordinary shares. The provisions of Section 26 in regard to the preference shares of group A, series I to V, remain unchanged.

(2) Further preference shares (group B) to increase its capital may be issued by the Company in conformity with the provisions of Section 3, paragraph 2, of the Law in virtue of a decision by the Board of Management.

Section 4.—*Preference Shares.*

(1) The preference shares shall be issued as payable to bearer and be transferable by delivery. They will carry with them a right to the repayment of capital on or before the termination of the Concession and the right to a preferential dividend. Should the preferential dividend not be fully paid in any year it shall be paid out of the profits of subsequent years. If a dividend is paid on the ordinary shares an additional dividend shall be paid on the preference shares of Group A in accordance with the provisions of Section 25 below.

(2) No change.

(3) Any series of preference shares may be redeemed at any time in whole or in part, subject to the special provisions of Section 26 in regard to the preference shares of Group A, series I to V.

(4) No change.

(5) No change.

(6) The preference shares shall be redeemed, subject to the special provisions in Section 26 for the preference shares of Group A, series I to V, at rates to be determined by the Company at the time of issue. Where the rate is fixed at more than 10 per cent. above par, the assent of the Government of the Reich is required.

(7) Subject to the above provisions, the Government may call upon the Company to exercise its right of anticipatory redemption, provided that the Reich places the necessary funds at the disposal of the Company.

Section 5.—*Division of Proceeds from the Sale of Preference Shares.*

(1) One-fourth ($\frac{1}{4}$) of the total proceeds from the issue of the preference shares of Group A shall be the property of the Reich and three-fourths ($\frac{3}{4}$) the property of the Company. Notwithstanding the proceeds from individual issues may by agreement between the Government and the Company be divided differently, provided that the total shall be divided as set forth above.

(2) During the first two years after the commencement of the concession the Company shall sell preference shares to the nominal value of five hundred (500) million reichsmarks. The Government may claim that the whole of the proceeds of this sale shall be assigned to it.

Section 6.—*Ordinary Shares.*

No change.

Section 7.—*Form and Wording of the Certificates.*

No change.

Section 8.—*Reparation Bonds.*

Omitted.

Section 9.—*Other Bonds.*

Omitted.

Section 10.—*Organisation of the Company.*

No change.

Section 11.—*Board of Management.*

(1) The Board of Management shall consist of eighteen (18) members, who must be of German nationality.

(2) formerly (2) and (3). The members of the Board shall be appointed by the Government of the Reich. If preference shares of Group A have been issued, four (4) of the eighteen (18) seats on the Board shall be assigned to the holders of preference shares in such a manner that for each five hundred (500) million reichsmarks of shares issued, one representative of such shares shall be entitled to a seat on the Board.

(3) formerly (4). No change.

(4) formerly (5). No change.

Section 12.—*Qualifications of the Members of the Board.*

No change.

Section 13.—*Replacement of Members of the Board.*

(1) As from the 31st December, 1930, six members of the Board shall retire each year; subsequently each member shall remain in office for three years. A retiring member shall be eligible for re-election. The appointment of new members or re-appointment of retiring members must take place before the beginning of the following financial year.

Transitional Provision.

The term of office of the present members of the Board of Management shall expire:

On the 31st December, 1930, in the case of members due in any event to retire on that date under the provisions hitherto in force.

On the 31st December, 1931, in the case of members due to retire on the 31st December, 1932, under the provisions hitherto in force.

On the 31st December, 1932, in the case of members due to retire on the 31st December, 1934, under the provisions hitherto in force.

Their successors will be appointed for three (3) years.

In deviation from this provision, the four (4) foreign members retire upon the coming into force of the present Law. Their successors will be appointed at the same date by the Government of the Reich for the remainder only of the term of office of the foreign members, which term of office in conformity with the above regulation ends on the 31st December of the years **1930, 1931 or 1932.**

(2) and (3). No change.

Section 14.—*President of the Board of Management.*

(1) The Board of Management shall elect a President each year at the beginning of the financial year. He shall be eligible for re-election. The election requires confirmation by the President of the Reich. When the holders of preference shares of Group A are represented by three (3) members on the Board, the President shall be chosen from amongst their number.

(2) The Board shall each year elect one or two Vice-Presidents, who shall be eligible for re-election.

Section 15.—*Functions of the Board of Management.*

(1) The Board of Management shall control the management of the Company and shall decide on all questions of importance, or of principle, or of general application, and more especially on such questions and matters as are set out below:

The appointment of the Director-General and of the superior officers on the recommendation of the Director-General;
The budget proposals;
The balance-sheet and the profit and loss account;
The distribution of profits;
The application of the liquid resources of the Company;
The authority to take up loans and credits at the charge of the Company, and to give mortgage security for the same;
The approval of any expenditure on capital account beyond such limit as may be fixed by the Board;
The approval of the general regulations governing the legal status and conditions of service and of pay of the employees, including the general regulation of salaries and wages.

(2) and (3). No change.

Section 16.—*Meetings of the Board of Management.*

(1) The Board shall hold ordinary meetings at least every two (2) months. It shall hold an extraordinary meeting whenever at least six (6) members, or the President, or the Government of the Reich, shall so require in writing.

(2) and (3). No change.

(4) Decisions shall be taken by a simple majority of members voting. The President shall have a casting vote.

(5) The Government of the Reich may appoint one permanent representative, who is entitled to take part without vote in the meetings of the Board of Management and of its committees. If he is prevented from attending, his permanent deputy may take part in the meetings. The representative of the Reich and his deputy shall be appointed at the beginning of each financial year.

Section 17.—*Permanent Committee.*

(1) The Board of Management may delegate its powers, so far as it thinks fit, to a Permanent Committee consisting of six (6) members. One (1) of the members shall be chosen from the representatives of the preference shareholders of Group A, if they so require.

(2) and (3). No change.

Section 18.—*Remuneration of Members of the Board.*

No change.

Section 19.—*Directorate (Vorstand) of the Company.*

(1) and (2). No change.

(3) The Director-General shall be appointed for a period of three (3) years by the Board of Management, which shall first get into touch with the Government of the Reich; he shall be eligible for re-appointment. The Directors shall be appointed by the Board on the recommendation of the Director-General.

(4) No change.

(5) The Board may at any time remove the Director-General. The removal of the Director-General shall not affect the rights to salary and allowances which he may possess under his contract of appointment.

(6) Where the Government of the Reich is of opinion that the Director-General has violated the Company's statutes, it may require the Board of Management to take a decision on the discharge of the Director-General.

Section 20.—*Functions of the Directorate.*

No change.

Section 21.—*Railway Commissioner.*

Omitted.

Section 22.—*Functions of the Commissioner.*

Omitted.

Section 23.—*Staff and Expenses of the Commissioner's Office.*

Omitted.

Section 24.—*Exceptional Powers of the Commissioner.*

Omitted.

Section 25.—*Financial Management of the Company.*

(1) At the close of each financial year the Company shall draw up a Balance Sheet and Profit and Loss Account.

(2) The net operating income, after paying the reparation tax and covering the operating payments out of operating receipts in accordance with the provisions of Section 4 of the Law, shall be applied as follows:—

1. In the first place provision shall be made for the service of interest on the bonds and loans of the Company and for the sums requiring to be written off.
2. As cover for any operating deficit of the Company and as security for the prompt payment of the reparation tax and the prompt settlement of the interest and amortisation payments on the bonds and loans of the Company, a reserve (adjustments reserve) shall then be established. Two per cent. (2%) of the gross receipts from the operation of the railways shall be paid into this reserve fund each year, until it amounts to the maximum total of four hundred and fifty million (450,000,000) reichsmarks.

   When the adjustments reserve has reached the before-mentioned maximum amount, a further reserve (dividend reserve) shall immediately be formed as security for the payment of the preference dividend on the preference shares. One per cent (1%) of the gross receipts from the operation of the railways shall be carried to this fund, until it amounts to the maximum total of fifty million (50,000,000) reichsmarks. Appropriations from the net operating income to the adjustments and dividend reserves may not, however, in any one financial year together exceed two per cent. (2%) of the gross operation receipts. The provision of Section 4, paragraph 2, sentence 1 of the Law applies to the dividend reserve as well as to all other reserves.

   If sums have to be withdrawn from the reserves after the maximum amounts have been reached, the annual appropriations for their replenishment shall immediately be resumed in conformity with the above provisions.

(3) The net profits remaining after the foregoing payments out of the operating income have been made shall be employed as in the following order :—

1. Arrears of dividend on the preference shares of Group A, if any, shall first be paid in full. The current dividend on the said shares shall then be paid.
2. Arrears of dividend on the preference shares of Group B, if any, shall first be paid in full. The current dividend on the said shares shall then be paid.
3. Any sums which the Government of the Reich may have paid under Section 4, paragraph 4 of the Law with a view to guaranteeing the reparation tax shall be refunded to it.
4. The Board, acting in agreement with the Government of the Reich, shall decide on the employment of the remainder of the net profits in accordance with the following principles :—

   In the first place at least twenty-five per cent. (25%) of the remainder, not including the balance brought forward from the previous year, shall be carried to the dividend reserve, up to an amount not exceeding one hundred million (100,000,000) reichsmarks. If the sums have to be withdrawn from the dividend reserve after the maximum limit has been reached, appropriations for its replenishment shall be resumed in conformity with the above provisions.

   Special reserves may also be established. A special preference share redemption reserve shall be established as from the year 1935 and may be established at an earlier date. No reserve shall be established for the redemption of the ordinary shares.

   If the Board decides to distribute any remaining profits, they shall be applied : as to one-third ($\frac{1}{3}$) as a supplementary dividend for the preference shares of Group A, and as to two-thirds ($\frac{2}{3}$) as a dividend on the ordinary shares.

   Provided, however, that if preference shares of Group A are not outstanding to the full amount of two milliard (2,000,000,000) reichsmarks, such a portion of the remaining profits as would have belonged to those preference shares which are not outstanding shall belong to the ordinary shares.

(4) From the reserve constituted under Section 25, paragraph 2, point 3, of the Company's statutes appended to the Railway Law of the 30th August, 1924, four hundred and fifty million (450,000,000) reichsmarks shall be carried to the adjustments reserve. Any balance then remaining shall be transferred to the dividend reserve.

Section 26.—*Special Provisions for Series I to V of Preference Shares, Group A.*

For the preference shares of Group A, series I to V, the following provisions apply :—

1. The preference shares are expressed in gold marks. Preference and supplementary dividends, together with the redemption amount of the preference shares, are payable in gold marks or their equivalent in reichsmarks. One gold mark within the meaning of the present provision shall be equal in value to 1/2790 kilogram of fine gold. This value shall be calculated on the price for gold in London officially notified on the third working day before the acceptance of the balance-sheet by the Board of Management, and on the mean rate for telegraphic transfers on London officially quoted on that day on the Berlin Bourse. In cases where on the third working day before the acceptance of the balance-sheet no official price for gold is published, the calculation shall be based on the last London price for gold officially notified before that day. If the price per kilogram of fine gold works out at not more than 2,820 and not less than 2,760 reichsmarks, one reichsmark in legal tender shall be paid for each gold mark owed.

In respect of the dividend on each preference share of series IV and V of Group A, an instalment in reichsmarks will be paid on the 2nd January of each year, in conformity with the terms of issue.

Upon the redemption of preference shares which have been called in, gold marks will be converted into reichsmarks in the manner provided for the dividend payments, the calculation being based on the quotations of the third working day before redemption.

2. The preference shares may not be redeemed in whole or in part until the commencement of the sixteenth year from the date of issue. Notwithstanding, if the liability of the Company to pay the reparation tax lapses at an earlier date, the Company shall be at liberty to redeem the preference shares from the date on which the said liability lapses.

3. The redemption rate of the preference shares, together with current dividends and dividend arrears, shall be determined as follows : upon redemption before the expiration of the twenty-fifth (25) year from the transfer of the concession to the Company, the redemption rate shall be twenty per cent. (20%) above par, upon redemption from the twenty-sixth (26) to the thirty-fifth (35) year, inclusive, it shall be ten per cent. (10%) above par. After the thirty-fifth (35) year redemption will take place at par.

4. The preference shares carry a claim to repayment of the capital by the 31st December, 1964, at the latest.

APPENDIX II TO THE LAW.

(A.)—*Under Section* 19, *paragraph* (3) *of the Law, the Company may apply the working hours of Officials to employees and workers in the following branches of the Service:—*

I.—*Permanent Way Inspection Service.*

1. Gatekeepers (men and women).
2. Flagmen.
3. Other staff engaged in permanent way inspection.

II.—*Service of Block Signalmen on the Open Line.*

III.—*Station Service.*

1. Administrative staff (including heads of departments).
2. Accountants and clerks.
3. Circulation of trains and inspection service within the meaning of Section 9 of the Fahrdienstvorschriften (train service regulations).
4. Transmission of telegraph and telephone messages.
5. Points in signal cabins or operated by hand.
6. Shunting.
7. Ticket collectors (including officials supplying information to the public).
8. Watchmen and messengers.
9. Other station services, where the staff in question is partly employed in other branches indicated under A.

IV.—*Cash and Despatch Service.*

(Unless otherwise provided under B, Section VI.)

1. Administrative staff (including heads of departments).
2. Accountants, clerks and cashiers.
3. Ticket offices (including enquiry offices).
4. Despatch of luggage and express goods.
5. Despatch of goods by fast or slow train and of livestock.
6. Reception, delivery and loading of luggage and goods.
7. Railway cars service and service for the despatch of trains.
8. Watchmen and messengers.
9. Other staff employed in the cash and despatch service.

V.—*Staff accompanying Passenger and Goods Trains.*

VI.—*Traction Service.*

1. Inspection staff.
2. Accountants and clerks.
3. Staff of locomotives and self-propelling vehicles.

VII.—*Shipping in Inland and Coastal Waters, not including Chain Tugs on the Main.*

1. Deck staff.
2. Engine-room staff.
3. Dock staff.
4. Other staff.

VIII.—*Office Staff of the Central Administration, the Reichsbahn Districts and the Inspection Departments.*

(B.)—*The Company is not authorised to apply the working hours of Officials to Employees and Workers in the following Branches:—*

I. Upkeep of permanent way and telegraph lines, storehouses for super-structure materials, station and other buildings, stone quarries, ballast works, gravel pits, timber impregnation works, horticulture, forestry and agriculture.
II. Reichsbahn repair shops and exploitations run in connection therewith, such as power stations, gas-works and laboratories.
III. Telegraph workshops.
IV. Laundries.
V. Workshops of the railway depôts.
VI. Staff employed exclusively as warehouse workers on warehouse platforms or in transhipping sheds where more than 25 of such workers are usually employed.

ANNEX VIa.

Procedure to be followed in the event of any Subsequent Modification of the Railway Law and Statutes.

For the duration of the Concession of the Company, the Reich may—in conformity with the procedure outlined hereafter—introduce into the Railway Law and Statutes modifications which may appear justified by changed circumstances, or the real utility of which has been revealed by past experience, provided that such modifications respect the provisions relating to the reparation payments and the pledges provided therefor and the independent character of the Company with its autonomous administration.

The proposed modifications to the Law shall be discussed in a permanent committee of four members, which shall decide whether the said modifications conform to the provisions of paragraph 1 or not. When a decision of the committee (whether affirmative or negative) is taken unanimously such decision shall be final.

Should the committee not arrive at a unanimous decision, existing conditions wil be maintained. The question may, however, be

submitted for decision to the Tribunal, for which provision is made in the Hague Agreement of January, 1930, with Germany, at the request of any member of the committee.

The decision may also be entrusted to a single arbitrator, in the person of the chairman or one of the members of the Court of Interpretation and Arbitration, upon the unanimous desire of the committee.

The committee will take its decision within a period of two months from the date on which the four members of the committee are notified of the proposed modifications.

The members of the permanent committee must be experts, competent on the questions treated in the Railway Law. They are to be appointed for five years from the coming into force of the new Railway Law. Two members will be nominated by the Government of the Reich and two by the Governments of the other Powers which issued the invitations to The Hague Conference. Should a member of the Committee be prevented from attending in any particular case, the Government of which he is a national will appoint a deputy for this particular case.

The Government of the Reich will notify the members of the committee of the proposed modifications. The German members are to come to an agreement with the other members as to the date and place of meeting of the committee. The expenses of the committee will be borne by the Government of the Reich.

In deviation from the preceding provisions, the Reich may modify independently, after hearing the Board of Management, Articles 11, 20, 21, 25, 28, 35, 36, 37, 38 and 40 of the Law, which deal with matters that are of minor importance from the point of view of the Agreement. Such modifications, however, shall not entail fresh charges for the Company; furthermore, they must respect the provisions concerning reparation payments and the pledges provided therefor and the independent character of the Company with its autonomous administration.

ANNEX VII.

Assignment by way of Collateral Guarantee of Certain Revenues of the German Government.

1. The German Government assigns, subject to the charge in favour of the Trustees for the German External Loan, 1924, the proceeds of the Customs, of the tobacco taxes, the beer tax and the tax on spirits (Administration of the Monopoly) for the service of the certificate representing the annuities payable by Germany, including the service of any bonds which may be issued under the provisions of the New Plan. To this end, the Reich, without prejudice to its general responsibility for the payment of the annuities and its entire discretion to effect these payments out of general revenues, will secure out of the receipts from the above revenues by way of collateral guarantee the sums necessary to cover the annuities as else-

where determined. The assignment constitutes a negative pledge and is ruled by the following conditions :—

2. The Reich will not create any charge on the assigned revenues for any other loan or credit without the consent of the Bank for International Settlements. If any such charge is created on the assigned revenues with the consent of the Bank, the charge for the annuities payable by Germany will rank ahead of any such other charge.

3. If at any time the total yield of the assigned revenues should fall below 150 per cent. of the highest budgetary contribution payable by Germany under the New Plan, the Bank may require that additional revenues sufficient to assure the immediate restoration of the yield to the above percentage be assigned and the German Government will forthwith comply with that requirement accordingly.

4. Should the German Government change the system of collecting any of the assigned revenues, then the receipts secured to the Reich by the new system will be assigned in substitution for the original tax.

5. The provisions of this Annex shall take effect in substitution for the provisions of the Protocol concerning the contributions to be made by the German Government and the institution of control over the revenues from the Customs and from the taxes on spirits, beer, tobacco and sugar, which is Annex I to the agreement between the Reparation Commission and the German Government for the carrying out of the Report of the First Committee of Experts, London, August 9th, 1924, and that Protocol shall cease to have effect accordingly.

ANNEX VIII.

Form of Trust Agreement between the Creditor Governments and the Bank for International Settlements.

ENTERED into this day of 1930, between the Governments of et cetera (hereinafter called the Creditor Governments), of the one part, and the Bank for International Settlements (hereinafter called Trustee), of the second part,

Witnesseth :

Whereas the Creditor Governments in connection with the carrying out of the New Plan as defined in The Hague Agreement of January, 1930 (hereinafter called the Plan), desire jointly to appoint the Bank for International Settlements their joint and sole trustee to receive, manage and distribute the annuities payable by Germany, and to perform other functions with respect thereto, all as provided by the Plan; and within the limits of the Statutes of the Bank.

Whereas the Bank for International Settlements has taken note of the provisions of the Plan and is prepared to accept the appointment as such trustee;

Therefore, it is agreed between the parties hereto that the description, the conditions and the limitations of the functions of the Trustee with respect thereto and of the relations, obligations and rights of the parties are those set forth as follows :—

ARTICLE I.

The Creditor Governments jointly appoint the Bank for International Settlements their joint and sole trustee for the purposes herein defined. The Bank accepts the appointment and agrees to carry out the trust on the conditions herein stated.

ARTICLE II.

The Trustee is empowered and agrees,

(*a*) to receive any balances transferred by the Agent General for Reparation Payments on the winding up of his accounts, subject to the rights of the different Creditor Governments in the distribution of such balances and to any claims and commitments thereon which may be outstanding at the time of transfer, all of which, as shown by the records of the Agent General for Reparation Payments, will be reported to the Trustee when the transfer is made;

(*b*) to hold in safe-keeping, as trustee, until the same shall be duly discharged, the Certificate of Debt, with coupons attached, issued and delivered by the German Government pursuant to the terms of the Plan, the receipt of which the Trustee acknowledges and a copy of which is attached hereto as Exhibit A;

(*c*) to hold in safe-keeping as trustee, until the same shall be duly discharged, the Certificate issued and delivered by the German Railway Company in acknowledgment of its liability, pursuant to the terms of the Plan, the receipt of which the Trustee acknowledges and a copy of which is attached hereto as Exhibit B;

(*d*) commencing 1930, to receive in trust each month from the German Reich for the account of the Creditor Governments signatory hereto and for the account of the Trustees of the German External Loan 1924 all payments thereafter to be made by Germany under the Plan and the above-mentioned Certificate of Debt representing the service of the said Loan or the payment of the sums attributable to the said Creditor Governments on account of the non-postponable annuities and the postponable annuities as defined and specified in the Plan.

A certified Schedule stating the monthly and annual share during the whole period of the annuities of each Creditor Govern-

ment signatory hereto in the non-postponable and postponable portions and in the total of the German annuity is attached hereto as Exhibit C.

ARTICLE III.

Except during a period when the transfer of the postponable annuity is suspended, as provided for in Article XI below, the Trustee will accept only currencies other than Reichsmarks in payment of the monthly instalments of the annuities payable by Germany, subject always to the proviso that the Trustee may accept Reichsmarks, in each month of a given annuity year, for an amount equal to one-twelfth of the total of any current annual programme for payments under Delivery in Kind and Reparation Recovery Act procedures for the year in question.

In arranging for the receipt of currencies other than Reichsmarks the Trustee, after having been notified of the requirements of the Creditor Governments, will inform the German Government and, at the same time. the Reichsbank, at least one month in advance of the due dates for payment, of its preferences relative to the currencies which it desires to have paid into its account. If these preferences are not complied with, the Trustee is authorised to accept payment from Germany entirely in the currencies of the creditor countries whose nationals were members of the Committee of Experts and as nearly as may be in proportion to the respective shares of these countries, it being understood that payments in currencies other than Reichsmarks which are not based upon the gold or gold exchange standard will only be made with the consent of the Trustee.

The Trustee will give receipts to the German Government for all sums which it pays or causes to be paid both on account of the postponable and on account of the non-postponable annuity. These receipts will show the currencies received as well as the equivalent value in Reichsmarks, with which the German Government will be credited.

At the end of each annuity year, when the Trustee has received from the German Government the sums due for that year, in accordance with the Plan, the Trustee shall surrender to the German Government the coupon of the Certificate of the German Government which corresponds to the payments of the year in question.

The Trustee takes note of the undertaking given by the German Government that the Reichsmark shall have and shall retain its convertibility in gold or foreign exchange as provided in Section 31 of the Law of the 30th August, 1924, and that, in all circumstances, for the general purposes of the Plan, the Reichsmark shall have and shall retain a mint parity of 1/2790 kilogram of fine gold, as defined in the German coinage law of August 30, 1924.

The sums paid in currencies other than Reichsmarks into the annuity trust account shall be calculated in Reichsmarks, subject to the provisions of the above undertaking, at the average of the middle rates (Mittelkurs) prevailing on the Berlin Bourse during the period of fifteen days preceding the date of payment.

The sums in Reichsmarks paid by the German Railway Company to the account of the Trustee at the Reichsbank under the terms of the above-mentioned Certificate of Liability delivered by that Company, for an amount of fifty-five million Reichsmarks on the first day of each month in respect of the previous month, shall, until the due discharge of the Certificate be placed each month at the disposal of the German Government by the Trustee as soon as they have been received, provided that the instalment of the Annuity payable by the German Government on the 15th day of the preceding month has been duly received.

ARTICLE IV.

All the sums transferred from the account of the Agent General for Reparations or paid on account of the German Annuities shall be received into an Annuity Trust Account. All the sums paid by Germany on account of the annuities shall be managed by the Trustee and shall be employed and distributed each month upon receipt as follows, on the understanding that the obligations of the Trustee in regard to the said sums shall be only those normally incumbent upon a banker for the execution of a trust agreement, and in no case shall the Trustee permit the accounts or credits of any Creditor Government to be overdrawn.

(*a*) In the first place, the sums required monthly for the service of the German External Loan, 1924, shall be transferred to the account or order of the Trustees of the said Loan, in conformity with the terms of the General Bond securing it, on the understanding that this appropriation shall have priority over all others. This service constitutes a first charge, expressly provided for as such, on the German annuities, whether non-postponable or postponable.

(*b*) One-twelfth of the share of each Creditor Government in the non-postponable Annuity shall be forthwith allocated in the books of the Trustee to that Government within the Annuity Trust Account in currencies other than reichsmarks. If one of the Governments has mobilised a part of the non-postponable annuity allotted to it, there shall be retained every month, out of the share due to that Government in virtue of the present paragraph, the sums required for the service of the obligations issued and outstanding, in conformity with the conditions of the contracts made on the occasion of such issues; these sums, deducted from the share of each of the Governments concerned in the issues, shall be transferred each month to a Trustee Account relating to the loan thus issued and shall remain there until the moment when payments have to be made for the interest service and amortisation of the obligations, in accordance with the terms of the respective loan agreements.

(*c*) One-twelfth of the share due to each Government for settling the quota of Deliveries in Kind allotted to it in a given

year shall be forthwith allocated in the books of the Trustee to that Government within the Annuity Trust Account in reichsmarks, if no other provision has been made by the Governments concerned, including Germany, for the settlement of this quota.

(*d*) One-twelfth of the sum due to each Government in each Annuity, after the allocations provided in paragraphs (*b*) and (*c*), shall be forthwith allocated in the books of the Trustee to that Government within the Annuity Trust Account in currencies other than reichsmarks.

(*e*) In application of Article 88 of the annexes to the Experts' Report of June 7th, 1929 (hereinafter called the "Experts' Report"), the sums allocated as provided in the preceding paragraphs will remain without interest in the National Sub-Divisions of the Annuity Trust Account up to the equivalent of the following minimum amounts :

	Reichsmarks :
France	68,037,500
Great Britain	26,587,500
Italy	13,887,500
Belgium	7,512,500
Roumania	1,312,500
Jugoslavia	5,462,500
Greece	450,000
Portugal	862,500
Japan	862,500
Poland	25,000
	125,000,000 R.M.

All sums standing in the National Sub-Divisions of the Annuity Trust Account in excess of the above minimum non-interest-bearing deposits, may be freely withdrawn from the said account by the Creditor Governments, in accordance with the following paragraph.

(*f*) Subject to the foregoing and in accordance with the provisions of the Plan, the Trustee is authorised and agrees to transfer at such dates as may be indicated any sum allocated to any Government within the Annuity Trust Account to any interest-bearing account in the Bank for International Settlements or to any other bank or banker, or otherwise to dispose of it as the interested Creditor Government may direct; but in no case will the Trustee permit the accounts or credits of any Creditor Government to be overdrawn.

Article V.

The Trustee shall not be bound to pay any interest on balances in the Annuity Trust Account.

ARTICLE VI.

Any exchange profit or loss arising from transactions carried out by the Trustee for account of Creditor Governments in connection with the management of the German annuities shall unless otherwise settled be credited or charged quarterly by the Trustee to the accounts of the Governments concerned, in proportion to their respective shares in the principal moneys involved, subject to the provisions of Article IV.

ARTICLE VII.

The Trustee is authorized and agrees in connection with Delivery in Kind, Reparation Recovery Act, and other similar systems to pay in Reichsmarks up to the amount of the monthly Reichsmark balances available to the respective Creditor Governments on cheques, drafts or orders duly executed by the authorized representative of any such Creditor Government. The Creditor Governments respectively agree to keep the Trustee advised of the identity and authority of such representatives and to supply it with their specimen signatures.

ARTICLE VIII.

Payment by the Trustee in compliance with the documents referred to in the preceding article shall constitute full discharge to the Trustee for the Reichsmark payments made. Payments in currencies other than Reichsmarks made or transferred out of the Annuity Trust Account upon the order of a Creditor Government or effected under the authorisations contained in Article IV above, shall constitute a full discharge to the Trustee for the payments made. In addition, as soon as possible after the close of each annuity year when the respective Creditor Governments shall have received the annual account and auditor's report referred to in Article XVII hereof, the competent authority of each Creditor Government shall give the Trustee a final global quittance and release for the actual payments made, during the Annuity year in question, to or upon the order of the Creditor Government concerned, as disclosed by the said accounts.

ARTICLE IX.

The Trustee declares that it has taken note that the German Government undertakes during the period up to March 31st 1966 to maintain at the Bank a non-interest-bearing deposit equivalent to 50 per cent. of the average deposit remaining in the Annuity Trust Account, but not exceeding 100 million Reichsmarks.

The Bank shall to this end certify to the German Government and to the Creditor Governments every month the average of the balances at the close of each working day left by the Creditor

Governments on deposit without interest during that month, in respect of the sums arising from the German payments under the Dawes Plan or under the present Plan up to the time when they are drawn out by the Creditor Governments.

The first deposit will be paid by the German Government to the Bank fifteen days after the coming into force of the New Plan, the amount of the deposit being calculated on the average of the daily balances above mentioned left with the Agent-General or the Bank during the month ending two working days prior to the date of deposit, excluding sums returnable to the German Government under Annex III of the Hague Protocol of August 31st, 1929, or any supplementary arrangement. The deposit shall be maintained at the amount so calculated during one month. At the end of this period the deposit will be adjusted by a further deposit or by the withdrawal of part of the existing deposit on the basis of the average of the daily balances referred to above during the month ending two working days before the date of the adjustment. A similar adjustment will take place at the end of the second month from the date of the first deposit. At the end of the third month, and thereafter at intervals of three months, the deposit shall be adjusted on the basis of the average of the daily balances referred to above during the three months ending two working days before the date of each such adjustment. The intervals referred to in this paragraph may be changed by agreement between the Governments concerned with the concurrence of the Trustee.

The Trustee will accept this deposit under the conditions set out in this Article.

Article X.

The Trustee declares that it has taken note of the provisions of the Plan with respect to the functions assigned to the Bank of International Settlements in connection with any declaration of the German Government requiring the convening of the Special Advisory Committee, and the Trustee agrees and the Creditor Governments confirm that the Trustee shall carry out the functions assigned to it in that respect and in the manner described in the Plan.

The Trustee takes note that, in application of Article 124 of the Experts' Report, any recommendation of the Advisory Committee affecting the rights of the Creditor Governments shall not bind those Governments unless it is accepted and confirmed by the Creditor Governments which participated in the decision of September 16, 1928, to set up the Committee of Experts; and that similarly any recommendation affecting the rights of the German Government shall not bind that Government unless it is accepted and confirmed by that Government.

Article XI.

Immediately on receiving from the German Government in conformity with the Plan notification of suspension of transfer of

the whole or part of the postponable annuity the Trustee shall inform the Creditor Governments accordingly.

(*a*) As soon as this suspension becomes effective:

(1) The Trustee shall continue to transfer each month the sums necessary for assuring the service of the external loan of 1924 in accordance with paragraph (*a*) of Article IV of this contract;

(2) The Trustee shall continue to credit or transfer each month in accordance with the provisions of paragraph (*b*) of Article IV of this Contract the sums paid by the German Government in respect of the non-postponable Annuity;

(3) In the event of a partial postponement, in any year, of transfer or of payment of the postponable annuities, the Trustee shall distribute the part of the postponable annuities actually paid and transferred in that year in such a manner as to ensure, so far as may be possible, that the receipts of the several Creditor Governments out of the aggregate payments actually transferred by Germany (whether on account of the unconditional or of the postponable annuities) shall be proportionate to their respective shares in the total annuities due by Germany under the Plan in respect of that year, provided always that the Creditor Governments entitled to an allocation out of the unconditional annuities shall in no case receive less than the allocations due to them respectively out of those annuities;

(4) Should the amount of the postponable annuities paid and transferred by Germany be insufficient to provide in full to each of the Creditor Governments its due share of the total German payments transferred, having regard to the allocations out of the unconditional annuity referred to in the previous paragraph, the Trustee shall, in accordance with the provisions of paragraph 202 of the Annexes to the Experts' Report withdraw from the Guarantee Fund, to be constituted by the French Government, the sums necessary to make up the deficiency to each of the Creditor Governments concerned. The sums so withdrawn from the Guarantee Fund shall be repaid to that fund in accordance with the Plan at the end of the period of postponement.

(*b*) During the course of a partial or total postponement of transfer the Trustee may accept from Germany payments in Reichsmarks in respect of the amounts of which transfer has been postponed and of which payment has not been postponed under the Plan. The Trustee is authorised to give to the German Government receipts for such payments which will be in the nature of temporary acknowledgments. These acknowledgments will be converted into final receipts *pro tanto* on the transfer of the amounts postponed, or on the utilisation of the Reichsmarks

accepted by the Trustee under this paragraph for payments in respect of deliveries in kind or in respect of Reparation Recovery Acts and similar procedures under the special programmes referred to in Annex IV of the Experts' Report.

(*c*) Any sums accepted in Reichsmarks by the Trustee under paragraph (*b*) above will be distributed in the form of credits in the Trustee's books in such a way as to complete the credits due to each Creditor Government for the year in question under the Plan, and the Guarantee Fund in so far as it has been drawn upon. These Reichsmarks will be administered by the Trustee in the manner provided in the Plan.

(*d*) The parties to this contract agree that all investments of such Reichsmark funds effected by the Trustee shall be made for the individual account of the Creditor Governments, as their interests require, for their advantage and at their risk. In particular the proceeds of investment of Reichsmarks credited to the Guarantee Fund will be assigned to the French Government.

Article XII.

The Creditor Governments and the Trustee agree that the Trustee shall have exclusive authority to act as agent of the Creditor Governments or any one of them, so far as concerns the operations relating to the mobilisation of the German Annuities, and that in the discharge of the functions and in the use of the authority entrusted to it as Agent in this matter, the Trustee will be guided by the provisions of the Plan which govern mobilisation. In particular the Trustee will abide by the following provisions :—

(*a*) When it appears to the Trustee practically possible to proceed with an issue of Bonds representing the capitalisation of a part of the Annuity, the Trustee will inform the Creditor Governments. The possibility of proceeding with such an operation shall also be considered by the Trustee whenever so required by one or more of the Creditor Governments.

If after examination, and in cases other than that dealt with in the second part of paragraph (*b*) below, the Trustee considers such an operation inopportune, it shall indicate to the Governments concerned the reasons for this opinion.

(*b*) If one or more of the Governments concerned intend themselves to proceed in their own markets with an issue, the trustee shall fix the minimum conditions of issue at the time of the operation.

If, however, such an operation is intended in connection with internal conversion operations, the Government concerned will be free to offer the Bonds on its own market on whatever conditions it may be able to obtain, without its being necessary for the Trustee to consider whether the creation of the Bonds is

opportune, and on the understanding that the Bonds will only be quoted on the market of issue.

(*c*) If one or more of the Governments concerned propose an international issue on other markets than their own respective markets, the Trustee shall at their request, if it considers on examination that conditions on these markets permit such an operation, take steps to proceed with this issue and determine, after making sure that the Central Banks concerned have no objection, the markets on which such offers may be made.

In the case of such issues, the various Governments having a share not yet mobilised in the non-postponable portion of the Annuity shall be given the right to participate in proportion to the following figures: France 500, Great Britain 84, Italy 42, Japan 6·6, Jugo Slavia 6, Portugal 2·4.

No issue of an international character may however be made in the market of any of the countries the Government of which has signed this Trust Agreement without the approval of that Government both as regards the amount of the issue and as regards the conditions on which it shall be authorised.

(*d*) If it is decided to proceed with an issue and if one or more of the Creditor Governments so request, the Trustee shall arrange, in agreement with those Governments and with the Issuing Bankers, the detailed conditions on which the Bonds shall be issued.

(*e*) The Trustee shall apply to the German Government, as provided in the Plan, for the creation of issuable Bonds.

(*f*) The Trustee declares its willingness to act as trustee or representative of the bondholders, or as agent for all issues of bonds made in pursuance of the provisions of the Plan relative to mobilisation, to the extent provided in the Loan Contract to be concluded between the Trustee and the Governments concerned on the occasion of an issue of such obligations.

(*g*) The expenses and commissions to be received by the Trustee both for the creation of bonds and for their issue shall be determined between the Trustee and the Governments concerned with regard to the importance of the functions which may be attributed to it on the occasion of each operation.

Article XIII.

The Trustee will credit to a special Trust Account the deposits which the French Government has undertaken to make, in the circumstances contemplated in the Plan, up to an amount of five hundred million Reichsmarks, in currencies other than Reichsmarks based upon the gold or gold exchange standard.

The Trustee undertakes to administer these funds in such a way that the sums deposited shall be available in currencies other than Reichsmarks, based upon the gold or gold exchange standard, in order to equalise the short payments to the other Creditors during a period of transfer postponement.

Subject to the provisions of Article XI (*c*) and (*d*), the Trustee will pay interest to the French Government, at the maximum current rate paid for long-term deposits, on the amount standing in this account in currencies other than Reichsmarks.

If it is agreed that this deposit shall remain for more than five years, the French Government shall be entitled to participate in the profits of the Bank in respect of this deposit on the terms laid down in Article 53 (*e*) (i) of its Statutes. It shall be restored to the French Government in the circumstances contemplated in the Plan.

Article XIV.

If the German Government elects to make the long term deposit, up to four hundred million Reichsmarks, provided for in the Plan, the Trustee agrees to receive and administer this deposit and to take the consequent measures for allocation and utilisation of its profits according to the provision of Article 53 (*e*) of the Statutes of the Bank.

Article XV.

In addition to making disbursements and keeping accounts in connection with Deliveries in Kind, Reparation Recovery Acts, and other similar systems as above provided, the Trustee declares that it takes note of the arrangements regarding Deliveries in Kind and Reparation Recovery Acts contained in the relevant Annexes to the Hague Agreement of January, 1930, and agrees to observe the same as far as lies within its province and powers as a bank as set forth in the Statutes.

Article XVI.

The Trustee is authorised and agrees with respect to the assigned revenues of the Reich to exercise the discretions referred to in Section 3 of Annex III of the Experts' Report.

Article XVII

The Trustee shall furnish to each Creditor Government at the close of each month an account showing all the receipts and payments of the Trustee during that period in respect of the annuity received from Germany. The Trustee shall also furnish to each Creditor Government as soon as may be after the 31st March in the year 1931, and every succeeding year, a copy of the account as approved by the auditors of the Bank for International Settlements of all its operations in respect of the whole of the German Annuities, including the service of the German External Loan 1924, since the

close of the last preceding yearly account or, in the case of the first account, since the commencement of the operations of the Bank, and of any report that may be made by the Auditors on such accounts. The Bank shall also furnish to each Creditor Government a copy of its Annual General Report as soon as published.

ARTICLE XVIII.

From the date of coming into force of the present contract until its completion, the Creditor Governments, in addition to maintaining the deposits referred to in Article IV (*e*), agree to pay to the Trustee a commission of 1 per mille on the actual payments received from the German Government on their behalf, in respect of the remuneration provided in Article 84 of the Annexes to the Experts' Report.

This payment will form a prior charge in favour of the Trustee, in accordance with the Plan, on the sums received by it on behalf of the Creditor Governments within the Annuity Trust Account.

The provisions of this Article will remain in force failing any new arrangement; such new arrangement may be made at the end of the first or of any one of the first five financial years, at the request of one of the signatory Powers or of the Trustee.

ARTICLE XIX.

The Trustee is authorised and agrees to notify forthwith to the Creditor Government any difficulty which may arise between it and the German Government relative to the interpretation or the application of the Plan.

ARTICLE XX.

The Creditor Governments and the Trustee agree that, if any dispute shall arise between them or any of them with regard to the meaning or application of the provisions of this Trust Agreement, the dispute shall be referred for final decision to the Tribunal provided for by the Hague Agreement of January, 1930, unless the parties to the dispute shall elect to refer the same to the President of the Tribunal or a member thereof selected as sole arbitrator.

ARTICLE XXI.

The present Contract shall come into force between the Trustee and the Creditor Governments whose representatives have signed it as soon as the Plan has been put into application and this Contract has been signed on behalf of the Trustee and of four of the following Powers: Belgium, France, Great Britain, Italy and Japan.

The French text is alone authentic.

J. E. R.

ANNEX IX.

Regulations for Deliveries in Kind.

Summary.

Text of the Regulations for Deliveries in Kind.

Article I : Definition of the commodities and services which may be supplied as deliveries in kind.
Article II : Utilisation of the quota allotted to each of the Creditor Powers for deliveries in kind.
Article III : General provisions concerning the execution of contracts for deliveries in kind.
Article IV : Organisation.
Article V : Preparation and revision of lists.
Article VI : Direct payments.
Article VII : Approval of contracts.
Article VIII : Payments.
Article IX : Prohibition concerning re-exportation.
Article X : Infractions and frauds.
Article XI : Arbitration.
Article XII : Temporary provisions.
Article XIII : Revision of the Regulations.
Article XIV : Authenticity of texts.

Appendices to the Regulations.

Appendix I : Table showing the distribution of deliveries in kind among the Creditor Powers.
Appendix II : List of excluded commodities (list A).
Appendix III : List of rationed commodities (list B) (to be drawn up at a later date if necessary).
Appendix IV : List of commodities which can only be partially paid for out of the funds for deliveries in kind (list C).

Regulations for Deliveries in Kind.

Article I.

Definition of the commodities and services which may be supplied as deliveries in kind.

1. Deliveries in kind within the meaning of the present Regulations are commodities and services produced by the German economic system and supplied to a Power which is a creditor of Germany, the payment in respect of such commodities and services being effected wholly or in part by means of funds reserved for this purpose in execution of the Experts' Plan of the 7th June, 1929, according to the distribution of these funds as shown in the appended table (Appendix I).

2. The commodities and services which may form the subject-matter of a contract for deliveries in kind are, subject to the provisions of the present Regulations, all commodities which are of German origin or manufactured in Germany and all services of a commercial nature performed by the German economic system, such as transport by land in Germany; transport by river, sea or air under the German flag; plans for public works and preparation of schemes for works to be executed outside Germany; sales of German licences or patents to be utilised outside Germany; insurance contracts underwritten by German companies.

3. The commodities shown on list A (Appendix II) are described as "excluded" commodities and can only be paid for as a delivery in kind in the case mentioned in paragraph 45 hereafter.

4. The commodities which may be eventually included in list B (Appendix III) are described as "rationed" commodities and can only be supplied as a delivery in kind within the limit of the ration existing at the time when the contract for such commodities is made and subject to the provisions of paragraphs 69 and 70 hereafter.

5. The commodities shown in list C (Appendix IV) can only be supplied as deliveries in kind on condition that the buyer pays a part of their value direct to the seller according to the conditions laid down in article VI of the present Regulations and subject to the provisions of paragraphs 69 and 70 hereafter.

6. No contract the value of which is less that 3,000 reichsmarks can be approved as a contract for deliveries in kind unless it is a rider to a contract previously approved.

Article II.

Utilisation of the quota allotted to each of the creditor Powers for deliveries in kind.

7. Each creditor Power is responsible for the utilisation of its quota for deliveries in kind.

In principle and subject to the provisions of paragraphs 8 and 14 hereafter, each Power is required to obtain approval for contracts providing for payments of which the total is sufficient in any given year to absorb the quota of that Power for deliveries in kind.

8. Each Power may carry forward a part, not exceeding 40 per cent. of its quota for a given year, to the following year. The part thus carried forward will not be counted as part of the credit for the following year for purposes of calculating the part of the quota for that year which may be carried forward.

9. Contracts covering the total credits provided for deliveries in kind shall be passed before the 31st of August, 1939, but these

contracts shall not provide for any payment to be effected after that date.

Any credits which may be available at that date as a result of a cancellation of contracts shall be utilised subject to agreement between the creditor Government concerned and the German Government, for new contracts for deliveries in kind.

No delivery shall be made and no payment effected in respect of deliveries in kind after the 31st March, 1940.

10. In view of the delays which normally occur in the execution of certain contracts, each creditor Power may, upon its own responsibility, and on the understanding that payments for which provision has already been made shall not be thereby delayed, submit contracts for approval which involve payments in excess of the credits allotted to that Power for deliveries in kind within a given month.

The authorised amount of such excess shall be calculated as follows :—

Of the credits which are blocked in the accounts of a Power as a result of delay in the execution of contracts approved for that Power, an amount not exceeding 30 per cent. may, if the Power so requests, be added to the credits available to it for deliveries in kind during the following three months. The amount of these additional credits may never exceed that of the credits still remaining available to the Power in question for deliveries in kind during the three months following the period of three months in which the sums available have been so increased.

At the end of each month the position shall be adjusted on the basis of the amount of credits blocked at that time.

11. If, owing to the adoption of the foregoing procedure, the payments to be made to suppliers of deliveries in kind for the account of a creditor Power exceed the sums available to that Power for this purpose, the necessary amounts shall be advanced by the Power in question. These advances may be drawn from any funds belonging to the Power which the latter may select. The sums in question will be refunded to the Power during the three months following the period of three months in which the advances were made. The refund will be effected out of the credits available for deliveries in kind, so that the total amount of such credits allotted to the Power in the attached table (Annex I) shall not be increased.

Article III.

General Provisions concerning the Execution of Contracts for Deliveries in Kind.

12. The German Government undertakes to facilitate as far as possible the conclusion, within the scope of the present Regulations, of commercial contracts under ordinary commercial conditions by

not taking or permitting to be taken any measure which would result in deliveries being unobtainable under ordinary commercial conditions.

13. If a creditor Government considers that the German Government has not fulfilled this undertaking, and that owing to this fact it has been unable to absorb in accordance with the present Regulations its quota of the credits set aside for deliveries in kind as defined in the appended table (Annex I) it may submit the question to the arbitral tribunal for which provision is made in Article 15 of the Hague Agreement of January 1930.

14. If the Tribunal considers the complaint to be wholly or partially founded it will fix the sum which the Government making the complaint has been unable for this reason to utilise for deliveries in kind, and will cause such sum to be placed at the free disposal of the said Government. The obligation of the Government to utilise a part of its credit for deliveries in kind shall thereby be reduced by an equivalent amount.

15. If on its own responsibility the Government making the complaint so requests, the Tribunal may, in accordance with paragraph 4 of Article 15 of the Hague Agreement of January 1930, by an interlocutory order cause a part or the whole of the sum which the Government has stated that it has been unable to utilise for deliveries in kind, to be placed at the disposal of the said Government.

16. In such a case the Tribunal shall, when delivering its award, fix the conditions under which the payment is to be reckoned against the sums to be paid under the award, or the conditions under which deliveries in kind shall be taken to make good the sum paid.

Article IV.

Organisation.

17. The management of deliveries in kind includes two separate parts, namely, the approval of contracts and the handling of the funds reserved for deliveries in kind. The creditor Governments concerned and the German Government remain responsible for the approval of contracts and entrust the management of the funds reserved for deliveries in kind to the Bank for International Settlements.

18. A contract is approved if there is agreement with regard to it between the creditor Government concerned and the German Government.

19. Each creditor Government concerned in deliveries in kind and the German Government shall appoint an agent, whose duty it shall be to deal with all matters concerning deliveries in kind and

to fulfil all functions devolving upon him under the present Regulations.

Each agent shall remain responsible to his Government for the strict application of the provisions of these Regulations.

The agents of the German, Belgian, British, French, Italian, Japanese and Yugo-Slav Governments shall assemble whenever a Government concerned in deliveries in kind considers a meeting to be necessary. The meeting shall be called by the agent of the Government which proposes it.

The same agents shall meet every year, in principle during the second fortnight in May, in order to review the general situation as shown by the statistical documents supplied by the Bank for International Settlements.

20. The agent of the German Government will be in permanent residence at Paris, where the agents will meet in all the cases for which provision is made in the present Regulations. The agents of the creditor Powers are under no obligation to have a fixed place of residence.

21. The Bank for International Settlements can incur no responsibility except with regard to the duties arising from the mandate with which it is entrusted.

22. The Bank for International Settlements will effect the payments to be made in virtue of duly approved contracts which are transmitted to it by the agent of the German Government or are sent by the agent of the Creditor Power concerned in execution of a decision of the arbitrator in virtue of Article VII hereafter.

23. The Bank will keep all accounts and statistics, and will exercise all supervision in respect of these payments.

24. The Bank is also at liberty, in accordance with paragraph 28 of Annex I to the Experts' Plan of the 7th June, 1929, to appoint an Advisory Committee, the object of which would be to inform generally the Bank of the progress of deliveries in kind.

This Committee may, if it thinks fit, convoke those agents of the Governments who do not form part of the Committee.

Article V.

Preparation and Revision of Lists.

25. The co-efficients of list C represent the proportion in terms of value which the raw materials of foreign origin included in a commodity bear to the sale price of the commodity, delivery taken at the factory or warehouse of the seller.

The co-efficients are based on a detailed costing of the sale price of the article.

26. The same methods of determining the co-efficients shall be applied whenever list C is revised.

List C shall include after each revision commodities, the co-efficient of which determined as described above, is equal to or more than 25 per cent.

27. Exceptions, however, which are admitted regularly in accordance with Article VII hereafter, may be taken into consideration when the list is drawn up.

28. Lists A and C (Appendices II and IV) may be revised every two years, the first revision taking effect as from the 1st April, 1932.

29. If one of the Governments concerned wishes that such revision should be made, its agent shall inform the agents of the other Governments to this effect before the 1st February of the year fixed for revision, and shall suggest a date for the consideration of its request. He will inform them of the modifications which he proposes to make.

30. Upon receipt of this request each agent shall announce whether he intends to propose other modifications.

The Revision Committee, consisting of the German, Belgian, British, French, Italian, Japanese and Yugo-Slav agents, will meet in Paris.

31. If the agents present at the meeting agree, they shall fix the lists for the period of two years from the 1st April next following.

32. In case of disagreement the question shall be submitted to the arbitrator whose functions are defined in paragraph 108 hereafter.

After hearing the parties concerned the arbitrator shall draw up the lists for the period of two years as from the 1st April next following.

33. The same procedure shall apply, if necessary, to the fixing of the rations of list B (Appendix III). If the German Government desires that such rations shall be fixed, its agent shall submit a request to this effect to the agents of the creditor Powers at least two months before the date on which these programmes come into force.

Article VI.

Direct Payments.

34. The payments to be made by the purchaser direct to the seller without any entry being made to an account for deliveries in kind are governed by the rules set forth hereafter.

35. In respect of any commodity delivered which appears in list C, the purchaser shall pay direct to the seller that part of the price which corresponds to the co-efficient fixed for this commodity in accordance with paragraph 25 of the present Regulations and subject to the provisions of Article VII.

36. If a contract makes the *seller* responsible for the transport of the commodity, and if the transport is not carried out entirely by German means, a direct payment shall be due whenever the cost of the transport exceeds 400 reichsmarks.

37. If the cost of transport carried out by non-German means exceeds 400 reichsmarks, the purchaser shall pay the entire cost direct to the seller, unless there is a special agreement between the agent of the creditor Government concerned and the agent of the German Government.

38. Transport by German means in or outside Germany of commodities ordered as a delivery in kind shall not give rise to any direct payment.

39. Transport under German flag by river, sea or air may of itself form the subject matter of a contract for deliveries in kind whenever it is effected between a German port and a port situated in the territory of a creditor Power or in one of its colonies, dependencies or mandated territories or *vice versa*.

40. If a contract stipulates that the seller shall be responsible for erection outside Germany, such erection, whether carried out partly or wholly by means of German resources, shall not give rise to a direct payment unless its value exceeds 1,000 reichsmarks.

41. Erection within the meaning of the present Regulations does not comprise foundations and masonry, but covers the installation and assembling of machines and plant the parts of which have been finished wholly or mainly at the factory.

42. If the cost of erection carried out outside Germany, either wholly or partly by means of German resources, exceeds 1,000 reichsmarks, it shall be subject to a direct payment of 50 per cent. of such cost, subject to the following limitations :—

(*a*) 10 per cent. of the value of the order for contracts of an amount less than 200,000 reichsmarks;

(*b*) 10 per cent. of the first instalment of 200,000 reichsmarks and 5 per cent. of the balance for contracts exceeding 200,000 reichsmarks.

43. If the total value of erection outside Germany exceeds these limits, the entire amount of the excess shall be added to the direct payment to be made by the purchaser to the seller.

44. The foregoing provisions do not apply to the employment of German personnel outside Germany, which is governed by the provisions of paragraphs 47 and 48 hereafter.

45. If a contract for the supply of a composite object provides for the delivery as part of such object of :—

(*a*) commodities contained in list C;

(*b*) equipment of a specialised type not currently manufactured in Germany;

(*c*) commodities mentioned in footnote 3 of list A, provided that they are finished products,

the delivery of these commodities shall not give rise to a direct payment unless their total value, delivered either by or to the seller at his factory or warehouse, exceeds 10 per cent. of the total value of the contract.

A composite object within the meaning of the present Regulations is one for which the order is placed with a single supplier, is executed by him acting alone or with the assistance of sub-contractors and makes him responsible for the working or output of the object supplied (machinery, factory plant, ship, &c.).

46. If the value defined in the preceding paragraph exceeds 10 per cent. of the total price of the contract, payment shall be made by the purchaser direct to the seller in respect of the commodities contained in list C, according to the rules applicable to such commodities under paragraph 35 of the present Regulations, and for the entire value of the commodities mentioned under headings (*b*) and (*c*) of the preceding paragraph.

47. If a contract provides for the employment of German personnel outside Germany, 40 per cent. of the total wages and salaries of such personnel shall be paid by the purchaser direct to the seller.

48. If, however, the food of the personnel thus employed comes from Germany, or if the personnel is provided with living accommodation in Germany while the work is being carried out, or if special arrangements for housing and feeding are made locally by the purchaser and the seller, the percentage shall be reduced by agreement between the agent of the creditor Power concerned and the German agent. Failing such agreement, the arbitrator for whom provision is made in paragraph 108 hereafter shall decide.

49. If the commodity ordered under a contract is the subject of a mortgage, a lien or any other charge in favour of a non-German creditor, and if it is to be delivered free of any such charge, the payments required to pay off any such charge shall be made by the purchaser direct to the seller.

50. No direct payment shall be made if the contract makes the seller responsible for :—

(*a*) the customary inspection and supervision of commodities or of the manufacture of commodities in Germany by persons employed by the buyer or by inspectors belonging to recognised inspection agencies provided that these agencies, which need not necessarily be German, are established in Germany;

(*b*) the transhipment or handling of commodities by non-German means or labour;

(*c*) the sums required to cover temporary advances for customs dues or similar non-German charges;

(*d*) the costs of guarantee deposits in non-German currency.

51. A direct payment shall be made in respect of any contract for insurance which is not accessory to a delivery or to work to be executed as a delivery in kind, but which forms of itself a contract for such delivery. The amount of this payment will be fixed for each individual case by direct agreement between the agent of the creditor Power concerned and the German agent.

Article VII.

Approval of Contracts.

52. No payment shall be made by means of the funds reserved for deliveries in kind, unless in execution of a commercial contract previously approved by agreement between the creditor Government concerned and the German Government.

53. Every contract shall contain a clause indicating that it is to be paid for out of the funds reserved for deliveries in kind.

54. By a contract within the meaning of the present Regulations is understood :—

(*a*) a document signed by the seller and the buyer;
(*b*) a firm offer, with or without specification, accepted without reserve by the buyer by letter or by telegram;
(*c*) a firm order accepted without reserve by the seller by letter or by telegram.

55. In the first place, the contracts must be accepted by the creditor Power concerned, which shall ascertain at the outset that they are in conformity with the Regulations and that sufficient funds stand to its credit to meet the payments for which the contract provides when they fall due.

56. Two copies of the contracts will then be transmitted to the agent of the German Government, either by registered letter or delivered direct against a receipt given by an authorised person.

57. Within three clear working days of receiving the contract the agent of the German Government shall inform the agent which has transmitted the contract whether he accepts it with or without reservation or whether he proposes its rejection.

58. If he has no objection to the contract he will inform the Bank for International Settlements, to which he will send a copy of the contract.

59. If the agent of the German Government considers that the contract should be modified or rejected, or if he regards the details which it contains to be insufficient, he will return it, accompanied by his observations and reasons, to the agent from whom it was received.

60. If the agent of the creditor Government does not concur in the view of the German agent, he shall bring the question before the arbitrator for whom provision is made in paragraph 108 here-

after. After calling for the observations of the agent of the creditor Power concerned and the German agent, the arbitrator shall give a final decision within a maximum of eight clear working days from the date on which the question was referred to him.

61. The agent of the German Government may apply direct to the German seller for further information, or to have any changes made in the contract which he may consider to be necessary. It shall be his duty, however, to inform the agent of the creditor Power, in order that the agent may take the necessary action with regard to the purchaser.

62. Whenever the procedure is suspended in the manner described it shall be resumed with the same formalities and the same time limits as from the day on which the agent of the creditor Power sends to the German agent the necessary information or the agreement of the parties concerning the changes required to be made in the contract.

63. When an appeal is made to the arbitrator the award shall be notified to the German agent and the agent of the creditor Power concerned. The latter may then send the contract direct to the Bank for International Settlements, and shall be responsible for informing the German agent to this effect.

64. When a contract does not provide a definite scheme of payments the German agent will draw up a schedule in agreement with the agent or authorised department of the creditor Government, in order that the Bank for International Settlements may set aside the sums required for paying for the contract.

65. The Bank for International Settlements will keep accounts for each creditor country showing the dates and amounts of the payments for which the approved contracts provide and indicating how much of the quota remains available for new contracts.

Abstracts of these accounts will be supplied on the 1st and the 15th of each month to the agent of the creditor Power concerned and to the German agent.

66. Before submitting a contract for approval the creditor Government concerned shall have definitely agreed with the purchaser the terms on which he can obtain payments out of the funds reserved for deliveries in kind.

67. If, in the course of execution of a contract, the buyer does not fulfil these conditions he shall continue to bear the entire responsibility for the contract, as far as the seller is concerned, under ordinary commercial conditions, even if the contract stipulates that it shall only be executed as a delivery in kind.

68. In this case the Bank for International Settlements shall, if the creditor Power concerned so requests on its own responsibility release the credits reserved but not yet utilised for payment for the contract.

The agent of the German Government shall be informed accordingly.

69. Exceptions to the present Regulations may be admitted by agreement between the agent of the creditor Government concerned and the agent of the German Government provided that they do not exceed :—

(*a*) in the case of any rations which may eventually be fixed, 20 per cent. of the ration allowed for the year in question;
(*b*) in the case of direct payments, 30 per cent. of the payments of this kind which should have been effected under the contract in question had the Regulations been strictly applied.

70. If the conditions of a contract entail other exceptions to which the German agent agrees the contract shall only be approved provided that, of the Belgian, British, French, Italian, Japanese and Yugo-Slav agents, at least three agree to the exception proposed.

71. In the case, however, of an exception to the clause concerning re-exportation, which in principle remains forbidden, the unanimous agreement of these six agents shall be required.

72. In transmitting to the Bank for International Settlements a contract in respect of which exceptions have been admitted in application of paragraphs 69, 70 and 71 above, the agent of the German Government shall attach to the contract a note stating the nature of the exception granted and indicating which agents have given their consent.

In the case of contracts approved in virtue of an arbitral decision in accordance with paragraph 63, the agent who transmits the contract will attach to it a copy of the arbitral decision.

73. The statistics which the Bank for International Settlements will keep in execution of paragraph 23 will be sent by the Bank each month to the agents of all the Governments and will show :—

(1) according to countries and categories the total amount of the contracts which it has received during the preceding month, those for an amount exceeding 5 million reichsmarks and riders thereto being shown separately;
(2) the information transmitted to it with contracts in accordance with paragraph 72.

Article VIII.

Payments.

(A.)—*Payments for Deliveries in Kind.*

74. For each creditor Government there shall be opened at the Bank for International Settlements an account to which shall be credited all sums to be reserved by that Government for deliveries

in kind according to the approved schedule. All payments made in respect of approved contracts shall be debited to this account.

75. The credit balance at the end of each month shall be added to the credits opened during the following month. The sum available to the creditor Power for deliveries in kind during that month shall be the total of these two amounts.

76. At the beginning of each month the agent of the creditor Government concerned and the agent of the German Government shall be informed of the state of the account.

77. Subject to the reserves provided by the present Regulations the sums paid to this account can only be employed for the payment of contracts for deliveries in kind.

78. For the purpose of paying for duly approved contracts for deliveries in kind each creditor Power may dispose freely of the credit balance lying in his account, by any method of payment which is current in international commerce, and particularly by means of cheques, orders to transfer and time drafts.

The payments will be made by the Reichsbank in Berlin.

79. The creditor Powers will transmit to the Bank for International Settlements the names and signatures of the officials who are authorised to issue orders to pay.

80. In principle, orders to pay shall be made out in reichsmarks. When a contract stipulates that payment is to be made in a non-German currency, the order to pay shall be made out in this currency, but must bear the inscription "payable in reichsmarks." In this case the conversion into reichsmarks shall be made at the time of payment, at the official average rate of the Berlin Bourse as quoted for the day preceding that of payment.

81. If a contract provides for an agreed rate of conversion, the conversion into reichsmarks shall be made at this rate.

82. All orders to pay must indicate the approval number of the contract in respect of which they are issued.

83. Cheques shall be issued by the creditor Government made out in the name of the seller and passed to the buyer for transmission to the seller. They cannot be cashed over the counter, but must be passed through a bank account.

84. Orders to transfer shall bear the names of the buyer and seller, as well as that of the bank responsible for collection.

85. Time drafts shall be made payable not less than thirty days and not more than ninety days at most from the date of issue. They shall only be issued if the contract for which they are required makes provision to this effect.

They shall be drawn by the creditor Government on the Bank for International Settlements. They shall not be accepted.

They shall be issued to the order of the buyer, who shall endorse them and transmit them direct to the seller.

They shall bear the words: "Payable at the Reichsbank in Berlin."

86. If a creditor Government which has issued a time draft does not possess credits sufficient to meet the payment when it falls due, it shall place the necessary funds at the disposal of the Bank for International Settlements two days before the due date.

A creditor Government which advances a sum in this manner shall be reimbursed out of the first credits which are thereafter placed at its disposal for deliveries in kind.

87. The issuing Authority and the agent of the German Government will receive daily advice and periodical statements of the payments effected.

88. The rules to be applied to the payments made in application of the preceding paragraphs will be determined jointly by representatives of the German, Belgian, British, French, Italian, Japanese and Yugo-Slav Governments and the Bank for International Settlement, particularly in so far as concerns the requisite measures for safeguarding these payments.

89. When a seller has to make a payment to a buyer in executing or winding-up a contract the buyer shall inform his Government and request the seller to make the payment into the account for deliveries in kind opened for this Government.

90. This provision shall not apply to any payments of less than 10,000 reichsmarks and of less than 20 per cent. of the value of the contract, which the seller may be liable to make to the purchaser after the last payment for which the contract provides has been made and the contract is consequently regarded by the contracting parties as terminated. In such a case the payments shall be made by the seller direct to the purchaser.

(B.)—*Direct Payments.*

91. When the case arises the provisions of Article VI of the present Regulations concerning the direct payment of a part of the value of certain commodities or services shall be applied to a contract either :—

(*a*) by the terms of the contract itself, or

(*b*) by the decision concerning the approval of the contract, such decision being regarded as conditional within the meaning of Article VII.

In the first case the dates and amounts of the sums to be paid direct shall be stipulated in the contract.

In the second case the dates and amounts of the sums to be paid direct shall be fixed by the decision of approval in such a manner that the direct payments are made at the same time and in

the same proportions as the payments made on account of deliveries in kind.

In both cases the purchaser shall make the direct payments to the seller in accordance with the rules of ordinary commerce.

92. The foregoing provisions shall not preclude the Bank for International Settlements in agreement with the creditor Power concerned from meeting all the payments for which a contract provides, when they fall due. In this case the direct payments shall be made under the conditions and in the currencies stipulated in the contract, but it shall be debited to the creditor Power in an account other than that relating to deliveries in kind.

Article IX.

Prohibition concerning re-exportation.

93. Each creditor Power undertakes, as far as possible, to prevent the commodities which it receives from Germany as deliveries in kind from being re-exported during five years.

94. It shall not be considered to be re-exportation within the meaning of the present Regulations :—

(*a*) in cases of plant for public works which is utilised abroad by a firm of the creditor Power during a short period not exceeding one year, with an obligation for the return of the plant to the territory of the creditor Power;

(*b*) if commodities are exported to the colonies, dependencies or mandated territories of the creditor Power;*

(*c*) if they are intended for embassies, consulates or higher educational institutes of the creditor Power abroad;

(*d*) if after transformation or being incorporated in another article the value of a commodity does not represent more than 60 per cent. of the value of the article sold abroad, such value being estimated for delivery at the frontier or f.o.b. at a port of the creditor Power.

95. The creditor Power shall not submit for approval any contract for the delivery of commodities unless the following declaration signed by the buyer is included in or attached to the contract :—

"I undertake for five years not to re-export the commodities which form the subject of the present contract.

"In the event of my selling all or part of these commodities, I undertake to require my purchaser to take upon himself all the obligations which I have assumed, and to cause the same undertakings to be given by his successive purchasers.

* If mandated territories are allowed the benefit of deliveries in kind this shall, as in the past, be without prejudice to the legal status of the mandate.

"If I fail to perform any of these undertakings I consent to be deprived of the possibility of having new contracts concluded by me paid for by means of the funds which are reserved for deliveries in kind.

"Commodities shall not be considered to be re-exported :—

(*a*) in cases of plant for public works which is utilised abroad by a firm of the creditor Power during a short period not exceeding one year, with obligation for the return of the plant to the territory of the creditor Power;

(*b*) if commodities are exported to the colonies, dependencies or mandated territories of the creditor Power;

(*c*) if they are intended for embassies, consulates or higher educational institutes of the creditor Power abroad;

(*d*) if after transformation or being incorporated in another article the value of the commodity does not represent more than 60 per cent. of the value of the article sold abroad, such value being estimated for delivery at the frontier or f.o.b. at a port of the creditor Power."

96. If the contract is concluded by the creditor Government itself, the latter will transmit it to the agent of the German Government, with the undertaking for five years not to re-export the commodities or, if it sells them, to require of the buyer an undertaking in the form prescribed by paragraph 95 above.

97. If a dispute arises between a creditor Government and the German Government as to whether there has been re-exportation or not, it sha'l be submitted to the jurisdiction for which paragraph 107 hereafter provides.

Article X.

Infractions and Frauds.

98. It shall be the duty of the Governments concerned to take such steps within their respective territories as they may deem necessary in order that contracts may be executed in accordance with the present Regulations, and, in cases of fraud or wilful infraction, to apply such penalties as they may consider appropriate in respect of their nationals.

99. The Bank for International Settlements shall not incur any responsibility by reason of any fraud or irregularity committed during the execution of a contract. But it shall inform the agent of the creditor Government concerned and the German agent of any fact which may appear to it to constitute a fraud or wilful infraction of the present Regulations.

100. The agents of the creditor Government and the agent of the German Government will inform one another of the investigation which their respective Governments cause to be undertaken in order to ascertain whether there has been fraud or infraction of the present Regulations in connection with a contract and they shall inform one another of the result of such investigations.

101. The Governments undertake to afford one another full facilities for the purpose of carrying out the investigations which any of them may decide to make. For this purpose the agents of the various countries will exchange such information as they possess and is likely to facilitate their respective tasks.

102. If a creditor Government or the German Government considers one of its nationals to be guilty of fraud or of wilful infraction of the present Regulations, its agent will so inform the agents of the other Governments.

103. Pursuant to such notification no contract to which one of the parties is a person whose name has thus been notified shall be approved during a period of two years from the date of the notification.

104. A Government which has applied for one of its nationals to be excluded may, before the end of the period of two years mentioned above, request that its national be removed from the list of excluded persons.

105. If before the last payment under a contract has been made, the buyer or seller is found guilty by his Government of fraud or wilful infraction of the present Regulations, and if his name is notified in accordance with paragraph 102, no further payment shall be made out of the funds for deliveries in kind in respect of the contract which shall be liquidated direct between buyer and seller.

If the sums paid up to that time exceed the value of the commodities or services due to be delivered under the contract, the Governments concerned shall do their utmost to obtain repayment of the excess to the account for deliveries in kind of the creditor Power.

106. In order that the provisions of the preceding paragraph may be applied, the agent of the Power which has declared its national to be excluded shall inform the Bank for International Settlements of the measures taken in this respect.

Article XI.

Arbitration.

107. Any dispute which may arise between a creditor Power and the German Government concerning the interpretation of the present Regulations shall be submitted to the arbitral tribunal for

which Article 15 of the Hague Agreement of January 1930 provides.

The same procedure shall apply to any dispute which may arise concerning the application of the provisions of Article III or in the case mentioned in paragraph 97 of the present Regulations.

108. All other disputes which may arise from the application of the present Regulations shall be submitted to an arbitrator of neutral nationality who is resident in Paris, and who is of high commercial or industrial standing.

This arbitrator shall be appointed for two years by unanimous agreement between the German, Belgian, British, French, Italian, Japanese and Yugo-Slav Governments, or failing unanimity, by the President of the arbitral tribunal mentioned in the preceding paragraph.

Article XII.

Temporary Provisions.

109. Any contract which has been approved by the date at which the present Regulations come into force shall continue to be executed under the procedure of the Wallenberg Regulations with the sole exception that payment by cheque shall take the place of payment by means of sight drafts, and that the organisations for which the present Regulations provide shall be substituted for those previously in existence.

110. During a period of two years from the date when the verdict of guilt is pronounced no contract shall be approved in which the name of a person appears, either as purchaser or seller, in respect of whom the penalties for which Article XII of the Wallenberg Regulations provides have been applied.

Article XIII.

Revision of the Regulations.

111. The present Regulations may, at the request of one of the Powers interested in deliveries in kind be submitted to revision. Such revision shall take effect as from the 1st April of the year in question.

Revision may first take place in 1931 and thereafter at intervals of two years.

112. The Government which proposes the revision shall inform all the other Governments concerned in deliveries in kind of its intention, before the 1st January of the year in which revision may be made. It will state the points regarding which it

suggests that modifications should be introduced into the Regulations and the date which it proposes for the examination of its request.

113. The request shall be considered by a Committee consisting of the agents or representatives of the German, Belgian, British, French, Italian, Japanese and Yugo-Slav Governments.

114. No modification may be made in the present Regulations except by unanimous agreement between the members of the Committee constituted in accordance with the preceding paragraph.

Article XIV.

Authenticity of Texts.

115. These Regulations are drawn up in French, English and German, the three texts being equally authentic for purposes of interpretation. It is understood that, in the event of an appeal to arbitration on the interpretation and pending the decision of the arbitral tribunal, the interpretation considered by the creditor Power concerned to be the most favourable to the proper execution of deliveries in kind shall be taken to be correct.

Appendix I to Annex IX.

Table showing the Distribution of Deliveries in Kind among the Creditor Powers

(replacing the table of § 190 of Annex VII to the Experts' Plan and that of the Annex to Appendix 2 to Annex II of The Hague Protocol of August 31, 1929.

(In thousands of R.M.)

	France.			Great Britain Rec. Act.	Italy.	Belgium.	Japan.	Jugo-Slavia.	Portugal.	Roumania.*	Greece.	Total Deliveries.	Rec. Act.	Total.
	Deliveries.	Rec. Act. (4·95 %).	Total.											
Transition régime (1.IX.29–31.III.30)...	272,293·0	21,507·0	293,800	46,036·00	37,000	24,500·00	2,550	26,000	4,600	—	—	366,943·00	67,543·00	434,486·00
Year of Deliveries in Kind (1.IV.30–31.III.31)... ...	364,090·4	36,609·6	400,700	190,964·00	52,500	33,750·00	5,625	37,500	6,548	9,000	3,000	512,013·40	227,573·60	739,587·00
Second year (1931–32)	305,540·0	32,860·0	338,400	186,638·70	52,500	31,500·00	5,250	35,000	4,800	6,950	2,800	444,340·00	219,498·70	663,838·70
Third „ (1932–33)	306,180·6	30,219·4	336,400	140,718·85	52,500	29,250·00	4,875	32,500	4,500	7,150	2,600	439,555·60	170,938·25	610,493·85
Fourth „ (1933–34)	304,506·3	29,693·7	334,200	138,270·60	52,500	27,000·00	4,500	30,000	4,402	6,600	2,400	431,908·30	167,964·30	599,872·60
Fifth „ (1934–35)	274,773·4	27,226·6	302,000	126,782·50	52,500	24,750·00	4,125	27,500	4,125	6,050	2,200	396,023·40	154,009·10	550,032·50
Sixth „ (1935–36)	225,977·9	23,182·1	249,160	107,948·70	52,500	20,837·50	3,750	23,300	3,328	5,500	2,000	337,193·40	131,130·80	468,324·20
Seventh „ (1936–37)	196,314·9	20,545·1	216,860	95,669·70	52,500	17,756·25	3,375	19,400	2,742	4,950	1,800	298,838·15	116,214·80	415,052·95
Eighth „ (1937–38)	166,674·6	17,985·4	184,660	83,750·10	52,500	14,675·00	3,000	16,600	2,156	4,400	1,600	261,605·60	101,735·50	363,341·10
Ninth „ (1938–39)	137,124·4	15,335·6	152,460	71,411·25	52,500	11,593·75	1,825	13,200	1,570	3,850	1,400	223,063·15	86,746·85	309,810·00
Tenth „ (1.IV.39–31.VIII.39)	45,274·5	4,710·5	49,985	21,934·60	15,500	637·50	500	1,500	604	3,300	1,200	68,516·00	26,645·10	95,161·10
Total	2,598,750·0	259,875·0	2,858,625	1,210,125·00	525,000	236,250·00	39,375	262,500	39,375	57,750	21,000	3,780,000·00	1,470,000·00	5,250,000·00

* If the Roumanian Government and the German firms subsequently agree that the quota fixed in respect of a given period shall be exceeded, a corresponding reduction shall be applied by agreement between the German and Roumanian Governments to the other annuities. The distribution in respect of the other Powers shall, however, not be changed.

Appendix II.

List A.

*Commodities which may not be supplied as Deliveries in Kind.**

Group I.—(*a*) All commodities of foreign origin which have not undergone any transformation in German territory.

(*b*) Foodstuffs manufactured from imported raw materials.†

(*c*) Gold, platinum and silver articles.‡

Group II.—Industrial products the export of which is prohibited at the time of the conclusion of the contract.§

Group III.—Miscellaneous products :—

(*a*) Scrap iron and scrap steel (843).
(*b*) Animal skins and hides (153 to 155), bone (156 f).
(*c*) Paper clippings, waste paper, &c. (673 a).
(*d*) Yarn waste, cotton waste, &c., and all waste from weaving and other waste employed in the manufacture of paper (543 b).
(*e*) Natural phosphates of lime (227 d).
(*f*) Minerals (237 a to s).
(*g*) Radium, radium salts, preparations from radium (ex 266, ex 317 G, ex 388).
(*h*) Wood in the log of all varieties, with the exception of pit props.

Appendix IV.

List C.

Commodities which can only be partially paid for out of the Funds for Deliveries in Kind.

This list is similar to the old list C under the Wallenberg Regulations, to which has been added the following modifications :—

(*a*) With regard to *timber*, the agreement of the 3rd July, 1928, remains in force. Paragraph 4 bears the following additions :—

	Per cent.
Pit props	55
Telegraph poles, clean	60
Railway sleepers, hard or soft wood, clean	60

* The numbers in brackets are those of the German statistical list of commodities.

† This prohibition does not apply to foodstuffs for consumption by German workmen employed within the territory of a creditor Power in execution of a contract for deliveries in kind.

‡ This prohibition applies only to articles of gold, platinum, or silver which do not form part of a composite object. (See Article VI, paragraph 45.)

§ It is understood that no prohibition can be applied to the exportation of coal, coke, briquettes or lignite as a delivery in kind.

Per cent.

(*b*) Item 470 a and b to be modified as follows :—

470 a, b, and 28 c to f—flax and hemp in the raw, steeped, bleached, dyed, crushed, scutched free from glutinous fibre, cleaned,	
Tow	95

(*c*) Items 890 a and 909 are modified as follows :—

890 a—Wires (lacing, covering, &c.) made of common metal, with the exception of aluminium, or alloy of these metals, covered with a casing or winding, or yarn or braiding, or other methods of covering by materials for electro-technical purposes	35
909—Cables for the transmission of electric current, with the exception of those in aluminium, with protective metal wrappings in the form of casing made of strips, wire, webbing or similar materials,	
Low tension cables	35
High tension cables	40

(*d*) Add : Bronze propellors 35

(*e*) The following items :—

ex 156 f, bones, &c.,
ex 237 h, Braunstein (oxide of manganese),
ex 869 Magnesium (metal),

are to be deleted.

ANNEX X.

Agreement for Amending the Method of Administering "The German Reparation (Recovery) Act, 1921."

WHEREAS it is desired to adapt the provisions of the Agreement between Great Britain and Germany for amending the method of administering the "German Reparation (Recovery) Act, 1921," signed on the 3rd April, 1925, to the provisions of the Experts' Plan of 7th June, 1929, as adopted by the final Protocol of the Hague Conference (hereinafter referred to as the New Plan).

Now therefore it is agreed between the Government of the United Kingdom of Great Britain and Northern Ireland and the

Government of the German Reich to substitute for the terms of the above Agreement the following provisions :—

I.

The German Government undertake to pay each month on the same dates as the other payments forming the postponable annuity to the Bank for International Settlements for the account of His Britannic Majesty's Government the sterling equivalent of the Reichsmark sums available under the New Plan for transfer by means of the Reparation (Recovery) Act to His Britannic Majesty's Government, provided always that the amounts so paid shall not exceed twenty-six per cent. of the sterling value of the German goods imported into Great Britain during the preceding month but one.

So long as no postponement of transfers is in force the amount of Reichsmarks available each year for transfer under this Agreement shall be the amounts specified in the Annex to this Agreement, representing 23·05 per cent.* of the total annual amounts of Deliveries in Kind (including deliveries under Reparation Recovery Acts) provided in the New Plan for each of the ten years up to 31st August, 1939. In the event of any postponement of transfer the sum available shall be calculated in accordance with Article III of this Agreement.

Reichsmarks for this purpose shall be Reichsmarks as provided for in the New Plan. The sterling equivalent shall be calculated at the average of the middle rates (Mittelkurs) prevailing on the Berlin Bourse during the half-monthly period preceding each payment.

The British Government undertakes in return to cause to be placed at the disposal of the German Government, out of the share of the British Government in the annuities provided for in the New Plan and available for Deliveries in Kind, the amount of Reichsmarks of which the sterling equivalent has been paid by the German Government.

II.

The German Government shall arrange for the collection by the Reichsbank or otherwise from the German exporters of the sterling amounts referred to in Article I above. The British Government agree that, having regard to the undertaking of the German Government given in that Article, the Special Reserve Fund provided for in Article 6 of the Agreement of 3rd April, 1925, shall be dispensed with, and the amount in that Fund shall be placed at the free disposal of the German Government immediately on the coming into force of this Agreement.

* As regards the period from 1st September, 1929, to 31st March, 1932, the above mentioned percentage has been applied to the sum total of Deliveries in Kind (including Reparation Recovery Act payments) to be effected during this period.

III.

The British Government shall at all times during the period of the New Plan have the right to a Reparation (Recovery) Act levy *pari passu* with any deliveries in kind, including those furnished under a moratorium, that is to say, that of the total amount transferred in any year in deliveries in kind (including the quotas under the Reparation Recovery Acts) the quota under the British Reparation (Recovery) Act will amount to 23·05 per cent.

IV.

It is understood that this Agreement merely amends the method of administering the Reparation (Recovery) Act, that payments made under this Agreement shall be regarded as deliveries in kind for the purposes of the deliveries in kind system, and that its provisions are without prejudice to any rights enjoyed by the British Government with regard to that Act under the New Plan. So long however as this agreement continues in force, the relations between Germany and Great Britain with regard to the Reparation (Recovery) Act shall be governed exclusively thereby.

V.

The present Agreement shall become operative simultaneously with the coming into force of the New Plan. A certified copy thereof shall be transmitted by the parties to the Bank for International Settlements, so that the Bank may take note of its provisions for all purposes under the New Plan.

Done at Berlin the 2nd day of January, 1930.

(gez.) CURTIUS. (gez.) RUMBOLD.

ANNEX.

Reichsmarks Amounts, the sterling equivalent of which is payable by the German Government under Article I of this Agreement.

	RM.
Period 1st Sept. 1929 to 31st March 1930...	46,036,000
year to ,, ,, 1931...	190,964,000
,, ,, ,, ,, 1932...	186,638,700
,, ,, ,, ,, 1933...	140,718,850
,, ,, ,, ,, 1934...	138,270,600
,, ,, ,, ,, 1935...	126,782,500
,, ,, ,, ,, 1936...	107,948,700
,, ,, ,, ,, 1937...	95,669,700
,, ,, ,, ,, 1938...	83,750,100
,, ,, ,, ,, 1939...	71,411,250
Period 1st April to 31st August 1939 ...	21,934,600
Total	1,210,125,000

ANNEX Xa.

(Translation.)

Agreement regarding the Method of Administering the Levy on the Value of German Imports into France.

In order to adapt the provisions of the Agreement between France and Germany regarding the method of administering the levy on the value of German imports into France, signed on the 16th March, 1928, to the provisions of the Experts' Plan of the 7th June, 1929, as adopted by the Final Protocol of the Hague Conference (hereinafter referred to as the "New Plan"), it is agreed between the German and the French Governments that the following provisions be substituted for the terms of the above Agreement:—

I.

The German Government undertake to pay each month on the same dates as the other payments forming the postponable annuity to the Bank of International Settlements for the account of the French Government the equivalent in French francs of the Reichsmark sums available under the New Plan for transfer to the French Government by means of the levy on the value of German imports into France, provided always that the amounts so paid shall not exceed twenty-six per cent. of the value in francs of the German goods imported into France and Algeria during the preceding month but one.

So long as no postponement of transfers is in force, the amount of Reichsmarks available each year for transfer under this Agreement shall be the amounts specified in the Annex to this Agreement, representing 4·95 per cent. of the total annual amounts of Deliveries in Kind (including deliveries under Reparation Recovery Acts) provided in the New Plan for each of the ten years up to 31st August, 1939.

In the event of any postponement of transfer the sum available shall be calculated in accordance with Article III of this Agreement.

Reichsmarks for this purpose shall be Reichsmarks as provided for in the New Plan. The equivalent in francs shall be calculated at the average of the middle rates (Mittelkurs) prevailing on the Berlin Bourse during the half-monthly period preceding each payment.

The French Government undertake in return to cause to be placed at the disposal of the German Government, out of the share of the French Government in the annuities provided for in the New Plan and available for Deliveries in Kind, the amount of Reichsmarks of which the equivalent in francs has been paid by the German Government.

UNIVERSITY

II.

The German Government shall arrange for the collection from the German exporters through the Reichsbank or otherwise of the amounts in francs referred to in Article I above.

The French Government agree that, having regard to the undertaking of the German Government given in Article I above, the Special Reserve Fund provided for in Article 5 of the Agreement of the 16th March, 1928, shall be dispensed with, and the amount in that Fund shall be placed at the free disposal of the German Government immediately on the coming into force of this Agreement.

III.

The French Government shall at all times during the period of the New Plan have the right to a "Reparation (Recovery) Act" levy *pari passu* with deliveries in kind, including those furnished under a moratorium, that is to say, that of the total amount transferred in any year in deliveries in kind or by means of "Reparation (Recovery) Act" levies, the quota of the French "Reparation (Recovery) Act" levy will amount to 4·95 per cent.

IV.

It is understood that this Agreement merely amends the method of collecting the levy on the value of German imports into France, that payments made under this Agreement shall be regarded as deliveries in kind for the purposes of the deliveries in kind system, and that its provisions are without prejudice to the rights enjoyed by the French Government with regard to that levy under the New Plan. So long, however, as this agreement continues in force, the relations between Germany and France with regard to the levy on imports shall be governed exclusively thereby.

V.

The present Agreement shall become operative simultaneously with the coming into force of the New Plan.

A certified copy shall be transmitted by the contracting parties to the Bank for International Settlements, so that the Bank may take note of its provisions for all purposes under the Plan.

Done at The Hague, the 18th day of January, 1930.

MOLDENHAUER.
CHÉRON.

ANNEX.

Amounts in Reichsmarks, of which the equivalent in francs is payable by the German Government under Article I of this Agreement.

	R.M.
Period 1.9.29—31.3.30	21,507,000
,, 1.4.30—31.3.31	36,609,600
,, 1.4.31—31.3.32	32,860,000
,, 1.4.32—31.3.33	30,219,400
,, 1.4.33—31.3.34	29,693,700
,, 1.4.34—31.3.35	27,226,600
,, 1.4.35—31.3.36	23,182,100
,, 1.4.36—31.3.37	20,545,100
,, 1.4.37—31.3.38	17,985,400
,, 1.4.38—31.3.39	15,335,600
,, 1.4.39—31.8.39	4,710,500
	259,875,000

ANNEX XI.

Securities for the German External Loan, 1924.

THE Government of the German Reich desiring fully to maintain the first charge by way of collateral security for the German External Loan of 1924, created by Article 5 of the General Bond dated October 10, 1924, upon the gross revenues of the German Government from the customs and from the taxes on tobacco, beer and sugar and from the net revenue of the German Government from the spirits monopoly and also on such other taxes, if any, as may hereafter be assigned by the German Government for the purpose of assuring the German budgetary contributions to the Annuities, has proposed the following system for keeping effective said first charge on said revenues from and after the termination of the Dawes Plan and in substitution for the system of remitting and administering said revenues which has been in effect under the said Plan, and the Trustees of the German External Loan of 1924 have consented to the application of the following system provided it be incorporated as an Annex to the Agreement of the Hague of January 1930 and be duly ratified by the Government of the German Reich and provided the Plan of the Committee of Experts of June 7, 1929, shall be duly carried into effect :

System.

Article I.—The tax collecting offices of the German Reich will continue to remit the total proceeds of the five revenues which collaterally secure the German External Loan, 1924, namely, the gross

revenues of the German Reich from the customs and from the taxes on tobacco, beer, and sugar, and the net revenue from the spirits monopoly; but they will remit the total proceeds of these five revenues directly to the account of the Trustees of said Loan at the Reichsbank. In the event that the German Government, in compliance with the terms of paragraph 132 of the Annexes of the Experts' Plan of June 7, 1929, shall assign any additional revenues to assure a total yield of not less than 150% of the highest budgetary contribution provided for by that Plan, then the proceeds of such additional revenues shall also be remitted by the collecting offices directly to said account of the Trustees at the Reichsbank.

Article II.—The account of the Trustees at the Reichsbank may be in the name of the Trustees of the German External Loan, 1924, or, at their election, in the name of the Bank for International Settlements for the account of the Trustees of the German External Loan, 1924.

Article III.—The funds received into the account of the Trustees shall be subject to their disposition, at their discretion, for the purpose of assuring the regular service of the Loan, but the Trustees will, at the time of opening their account at the Reichsbank, issue a revocable standing order to the Reichsbank to the following general effect:

(*a*) As soon as on or after the first of each month a sufficient number of reichsmarks has been received in the account of the Trustees to cover the amount of foreign currency required for the monthly instalment of the service of the interest on and the redemption of the Loan (including in such sum all charges, commissions or other payments to be made by the German Government in connection with said Loan) which is payable pursuant to the terms of the General Bond on the next succeeding 15th of each said month, the Reichsbank shall be authorised thereupon to release to the German Government, or its order, all reichsmark sums, being the remainder of the monthly proceeds of the revenues thereafter entering into the Trustees' account until the first day of the next month immediately succeeding, when there shall again be similarly retained in the account of the Trustees a sufficient number of reichsmarks to cover the current monthly loan service instalment and there shall be similarly released for the remainder of the month the balance of said reichsmark sums, such continuing system of monthly retention and release to be repeated month after month during the life of the Loan, subject, of course, to revocation or modification by the Trustees, as provided below in Article IV.

(*b*) On the 15th of each month, if and when the foreign currency instalment then due has been paid, the reichsmark sum previously blocked as cover therefor shall be released from the account of the Trustees and placed at the disposition of the German Government;

(c) If prior to the 15th of any month the German Government choose to anticipate the foreign currency payment payable on the 15th, then as soon as such payment is made to the Trustees the reichsmarks blocked as cover therefor will be released from the account of the Trustees and placed at the disposition of the German Government.

Article IV.—This standing order of the Trustees to the Reichsbank may be revoked or modified at the discretion of the Trustees at any time, whenever necessary in their opinion for the purpose of safeguarding fully the rights of the bondholders granted by the General Bond.

Article V.—The foregoing system of receiving, remitting and releasing the revenues shall come into effect as soon as possible after the legal termination of the Dawes Plan, and, if practicable, coincidentally therewith. The German Government agrees to consult with the Trustees for the purpose of adopting, in agreement with them, any measures necessary to effect the transition from the past system of remitting the revenues to the new system of remitting the revenues in order that the service of the Loan may be fully protected during any period of transition.

ANNEX XII.

Arbitration. Rules of Procedure.

1. The proceedings in any arbitration shall be governed by the dispositions of Chapter III of The Hague Convention of 1907 for the Pacific Settlement of International Disputes, except in so far as the same are modified by the following provisions or by those of the Agreement of The Hague of January, 1930:—

In particular Article 85 of The Hague Convention shall apply to these proceedings, and each Party shall pay its own expenses and an equal share of those of the Tribunal.

2. The Tribunal shall sit at The Hague or such other place as may be fixed by the Tribunal.

The date of sitting shall be determined by the Chairman and at least fourteen days' previous notice shall be given to the Parties.

3. Each Party shall appoint a representative.

Any communication between the Parties and the Tribunal or between the Parties themselves shall be conducted through these representatives.

The Tribunal shall appoint a Secretary to whom communications shall be addressed.

4. The procedure shall consist of two stages:

(1) Written cases or pleadings; and
(2) Oral debates.

The oral discussion shall be public.

5. The Party which is in the position of plaintiff shall deliver its case within six weeks from the date of the special agreement or a date to be fixed by the Chairman or by the Tribunal, and the other Party shall present its counter-case within six weeks from the date on which it receives the case of the first Party.

If any dispute shall arise as to which Party is in the position of Plaintiff in any particular case, the matter shall be decided summarily by the President of the Tribunal or any Member thereof appointed for this purpose by the President.

6. Cases shall contain :—

(1) a statement of the facts on which the claim is based;
(2) a statement of law;
(3) a statement of conclusions;
(4) a list of the documents in support; these documents shall be attached to the Case.

Counter-Cases shall contain :—

(1) the affirmation or contestation of the facts stated in the Case;
(2) a statement of additional facts, if any;
(3) a statement of law;
(4) conclusions based on the facts stated; these conclusions may include counter-claims, in so far as the latter come within the jurisdiction of the Tribunal;
(5) a list of the documents in support; these documents shall be attached to the Counter-Case.

7. The Parties shall also respectively have the right to deliver a reply and rejoinder within three weeks after the receipt of the last preceding pleading.

All cases shall be printed, six copies at least to be delivered to the opposing Party and twelve at least to the Tribunal. Each Party shall acknowledge the receipt of any document to the Party which has delivered it, and shall inform the Tribunal of the date of receipt.

Certified copies of any documents on which reliance is placed shall be annexed to the pleading in which they are referred to.

8. The periods above fixed may be extended either by the agreement of the Parties or by a decision of the Chairman or of the Tribunal.

9. The written proceedings may be in English, French or (where Germany is a Party) in German. It shall, however, be open to any member of the Tribunal to require that any pleading or other document (including any translation) delivered in one of those three languages should be translated into another and, if necessary, duly certified.

10. Not more than two advocates may appear on behalf of each Party for each separate question submitted to arbitration.

11. The advocates may address the Tribunal in their own language, subject to the right of any member of the Tribunal or an opposing Party to require a translation into English or French.

12. Shorthand minutes shall be taken on behalf of the Tribunal of all oral arguments, and transcripts shall be supplied with all possible despatch to the members of the Tribunal and to the Parties. The Secretary of the Tribunal shall be responsible for the execution of this clause and for the preparation of the necessary minutes.

13. For all the purposes of the arbitration up to the commencement of the oral proceedings, the President or any two members of the Tribunal appointed by him shall be qualified to take in the name and on behalf of the Tribunal any decisions which the Tribunal is authorised to take.

14. No Party may, without the consent of the other Party, make use in the course of the discussion of any document which has not been previously communicated to the other Party.

15. Any member of the Tribunal may put to the Parties during the discussion any questions which he thinks proper. The Tribunal may at any time before reaching a decision employ any means of information which it considers necessary, and may ask for any supplementary notes, memoirs or documents which it thinks desirable. Should, however, the Tribunal resort to other means of information than those supplied by the Parties it will allow them to submit arguments on the additional information.

16. No oral explanation will be received from either Party unless the other Party is present or has been duly summoned.

17. Any request or communication addressed to the Tribunal by one of the Parties will be communicated at the same time to the other.

18. The Secretary of the Tribunal shall notify all proceedings instituted before the Tribunal to all Parties to The Hague Agreement of January 1930.

19. When any signatory Power or the Bank for International Settlements considers that it has an interest of a legal nature which may be affected by the decision in a case, it may submit a request to the Tribunal to be permitted to intervene as a third Party.

In the absence of an agreement between the Parties, the Chairman or any member of the Tribunal appointed by him for that purpose shall fix the time within which the Party intervening is to deliver his case.

Subject to any contrary decision of the Tribunal, the foregoing rules and the provisions as to Arbitration of the Agreement of The Hague of January 1930, and in particular those relating to the appointment of an additional member in certain cases, shall apply to a Party intervening in the same manner as to the original Parties.

No. 3.

CONVENTION RESPECTING THE BANK FOR INTERNATIONAL SETTLEMENTS.

The duly authorised representatives of the Governments of Germany, of Belgium, of France, of the United Kingdom of Great Britain and Northern Ireland, of Italy and of Japan of the one part

And the duly authorised representatives of the Government of the Swiss Confederation of the other part

Assembled at The Hague Conference in the month of January, 1930, have agreed on the following :—

Article 1.

Switzerland undertakes to grant to the Bank of International Settlements, without delay, the following constituent charter having force of law : not to abrogate this charter, not to amend or add to it, and not to sanction amendments to the Statutes of the Bank referred to in paragraph 4 of the charter otherwise than in agreement with the other signatory Governments.

Article 2.

Any dispute between the Swiss Government and any one of the other signatory Governments relating to the interpretation or application of the present Convention shall be submitted to the Arbitral Tribunal provided for by the Hague Agreement of January, 1930. The Swiss Government may appoint a member who shall sit on the occasion of such disputes, the President having a casting vote. In having recourse to this Tribunal the Parties may always agree between themselves to submit their dispute to the President or to one of the members of the Tribunal chosen to act as sole arbiter.

Article 3.

The present Convention is entered into for a period of 15 years. It is entered into on the part of Switzerland under reserve of ratification and shall be put into force as soon as it shall have been ratified by the Government of the Swiss Confederation.

The instrument of ratification shall be deposited with the Ministry of Foreign Affairs at Paris. Upon the entry into force of the Convention, the Swiss Government will initiate the necessary constitutional procedure in order that the assent of the Swiss people may be obtained for the maintenance in force during the whole of the Bank's existence of the provisions of the present Convention. As soon as these measures have become fully effective the Swiss Government will notify the other signatory Governments and these provisions shall become valid during the Bank's existence.

Constituent Charter of the Bank for International Settlements.

Whereas the Powers signatory to the Hague Agreement of January, 1930, have adopted a Plan which contemplates the founding by the Central Banks of Belgium, France, Germany, Great Britain, Italy and Japan and by a financial institution of the United States of America of an International Bank to be called the Bank for International Settlements;

And whereas the said central banks and a banking group including Messrs. J. P. Morgan & Company of New York, the First National Bank of New York, New York and the First National Bank of Chicago, Chicago have undertaken to found the said Bank and have guaranteed or arranged for the guarantee of the subscription of its authorised capital amounting to five hundred million Swiss Francs equal to 145,161,290.32 gram, fine gold, divided into 200,000 shares;

And whereas the Swiss Federal Government has entered into a treaty with the Governments of Germany, Belgium, France, Great Britain, Italy and Japan whereby the said Federal Government has agreed to grant the present Constituent Charter of the Bank for International Settlements and not to repeal, amend or supplement the said Charter and not to sanction amendments to the Statutes of the Bank referred to in Paragraph 4 of the present Charter except in agreement with the said Powers;

1. The Bank for International Settlements (hereinafter called the Bank) is hereby incorporated.
2. Its constitution, operations and activities are defined and governed by the annexed Statutes which are hereby sanctioned.
3. Amendment of Articles of the said Statutes other than those enumerated in Paragraph 4 hereof may be made and shall be put into force as provided in Article 59 of the said Statutes and not otherwise.
4. Articles 2, 3, 4, 9, 15, 20, 25, 28, 46, 53, 56, 59 and 60 of the said Statutes shall not be amended except subject to the following conditions: the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the present Charter.
5. The said Statutes and any amendments which may be made thereto in accordance with Paragraphs 3 or 4 hereof respectively shall be valid and operative notwithstanding any inconsistency therewith in the provisions of any present or future Swiss law.
6. The Bank shall be exempt and immune from all taxation included in the following categories:—

   (*a*) stamp, registration and other duties on all deeds or other documents relating to the incorporation or liquidation of the Bank;

(*b*) stamp and registration duties on any first issue of its shares by the Bank to a central bank, financial institution, banking group or underwriter at or before the time of incorporation or in pursuance of Article 7 or 9 of the Statutes;

(*c*) all taxes on the Bank's capital, reserves or profits, whether distributed or not, and whether assessed on the profits of the Bank before distribution or imposed at the time of distribution under the form of a coupon tax payable or deductible by the Bank. This provision is without prejudice to the State's right to tax the residents of Switzerland other than the Bank as it thinks fit;

(*d*) all taxes upon any agreements which the Bank may make in connection with the issue of loans for mobilising the German annuities and upon the bonds of such loans issued on a foreign market;

(*e*) all taxes on the remunerations and salaries paid by the Bank to members of its administration or its employees of non-Swiss nationality.

7. All funds deposited with the Bank by any Government in pursuance of the Plan adopted by The Hague Agreement of January, 1930, shall be exempt and immune from taxation whether by way of deduction by the Bank on behalf of the authority imposing the same or otherwise.

8. The foregoing exemptions and immunities shall apply to present and future taxation by whatsoever name it may be described, and whether imposed by the Confederation, or by the cantonal, communal or other public authorities.

9. Moreover, without prejudice to the exemptions specified above, there may not be levied on the Bank, its operation or its personnel any taxation other than that of a general character and to which other banking establishments established at Basle or in Switzerland, their operations and their personnel, are not subjected *de facto* and *de jure*.

10. The Bank, its property and assets and all deposits and other funds entrusted to it shall be immune in time of peace and in time of war from any measure such as expropriation, requisition, seizure, confiscation, prohibition or restriction of gold or currency export or import, and any other similar measures.

11. Any dispute between the Swiss Government and the Bank as to the interpretation or application of the present Charter shall be referred to the Arbitral Tribunal provided for by The Hague Agreement of January, 1930.

The Swiss Government shall appoint a member to sit on the occasion of such dispute, the President having a casting vote.

In having recourse to the said Tribunal the Parties may nevertheless agree to submit their dispute to the President or to a member of the Tribunal chosen to act as sole Arbiter.

Done at The Hague, the 20th January, 1930.

J. E. R.

CURTIUS.
HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
HENRI CHÉRON.
LOUCHEUR.
PHILIP SNOWDEN.
A. MOSCONI.
A. PIRELLI.
SUVICH.
M. ADATCI.
K. HIROTA.
G. BACHMANN.
W. BURCKHARDT.
Dr. R. MIESCHER.

ANNEX.

Statutes of the Bank for International Settlements.

Chapter I.—*Name, Seat and Objects.*

Article 1.

There is constituted under the name of the Bank for International Settlements (hereinafter referred to as the Bank) a Company limited by shares.

Article 2.

The registered office of the Bank shall be situated at Basle, Switzerland.

Article 3.

The objects of the Bank are: to promote the co-operation of central banks and to provide additional facilities for international financial operations; and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned.

ARTICLE 4.

As long as the New Plan as defined in the Hague Agreement of January, 1930 (hereinafter referred to as the Plan), is in force, the Bank—

(1) shall carry out the functions assigned to it in the Plan;
(2) shall conduct its affairs with a view to facilitating the execution of the Plan; and
(3) shall observe the provisions of the Plan in the administration and operations of the Bank;

all within the limits of the powers granted by these Statutes.

During the said period the Bank, as trustee or agent for the Governments concerned, shall receive, administer and distribute the annuities paid by Germany under the Plan; shall supervise and assist in the commercialisation and mobilisation of certain portions of the aforesaid annuities; and shall perform such services in connection with the payment of German Reparations and the international settlements connected therewith as may be agreed upon by the Bank with the Governments concerned.

Chapter II.—*Capital.*

ARTICLE 5.

The authorised capital of the Bank shall be 500,000,000 Swiss gold francs, equivalent to 145,161,290·32 gr. fine gold.

It shall be divided into 200,000 shares of equal gold nominal value.

The nominal value of each share shall also be expressed on the face of each share in terms both of Swiss francs and of the currency of the country in which it is issued, converted at the gold mint parity.

ARTICLE 6.

The subscription of the total authorised capital having been guaranteed in equal parts by the Banque Nationale de Belgique, the Bank of England, the Banque de France, the Reichsbank, the Banca d'Italia, Messrs. X acting in place of the Bank of Japan and Messrs. Y, New York, the Bank may begin business as soon as a minimum of 112,000 shares has been subscribed.

ARTICLE 7.

(1) During the two years following incorporation the Board of Directors of the Bank (hereinafter referred to as the Board), shall arrange for the subscription of any unissued portion of the authorised capital.

(2) This unissued portion may be offered to the central bank or other banks of countries which have not participated in the original subscription. The selection of countries in which such shares shall be offered for subscription and the amount to be subscribed in each shall be determined by the Board by a two-thirds majority, provided that offers of shares shall only be made in countries interested in Reparations or in countries whose currencies, in the opinion of the Board, satisfy the practical requirements of the gold or gold exchange standard and that the amount issued in any one of these countries shall not exceed 8,000 shares.

(3) The seven banking institutions mentioned in Article 6 shall, in accordance with their several guarantees, subscribe or arrange for the subscription in equal proportions of any part of the authorised capital which at the end of two years remains unsubscribed.

ARTICLE 8.

(1) Twenty-five per cent. only of the value of each share shall be paid up at the time of subscription. The balance may be called up at a later date or dates at the discretion of the Board. Three months' notice shall be given of any such calls.

(2) If a shareholder fails to pay any call on a share on the day appointed for payment thereof the Board may, after giving reasonable notice to such shareholder, forfeit the share in respect of which the call remains unpaid. A forfeited share may be sold on such terms and in such manner as the Board may think fit; and the Board may execute a transfer in favour of the person or corporation to whom the share is sold. The proceeds of sale may be received by the Bank, which will pay to the defaulting shareholder any part of the net proceeds over and above the amount of the call due and unpaid.

ARTICLE 9.

(1) The capital of the Bank may be increased or reduced on the proposal of the Board acting by a two-thirds majority and adopted by a two-thirds majority of the General meeting.

(2) In the event of an increase in the authorised capital of the Bank and of a further issue of shares the distribution among countries shall be decided by a two-thirds majority of the Board. The central banks of Belgium, England, France, Germany, Italy, Japan and the United States of America, or some other financial institution of the last-named country acceptable to the foregoing central banks, shall be entitled to subscribe or arrange for the subscription in equal proportions of at least 55 per cent. of such additional shares.

(3) No part of the amount not taken by the banks of these seven countries shall be subscribed in any other country unless it is interested in Reparations or at the time of issue its currency, in the opinion of the Board, satisfies the practical requirements of the gold or gold exchange standard.

ARTICLE 10.

In extending invitations to subscribe for capital in accordance with Article 7, paragraph 2, or with Article 9, consideration shall be given by the Board to the desirability of associating with the Bank the largest possible number of central banks.

ARTICLE 11.

No shares shall be issued below par.

ARTICLE 12.

The liability of shareholders is limited to the nominal value of their shares.

ARTICLE 13.

The shares shall be registered and transferable in the books of the Bank.

The Bank shall be entitled without assigning any reason to decline to accept any person or corporation as the transferee of a share. It shall not transfer shares without the prior consent of the central bank, or the institution acting in lieu of a central bank, by or through whom the shares in question were issued.

ARTICLE 14.

The shares shall carry equal rights to participate in the profits of the Bank and in any distribution of assets under Articles 53, 54 and 55 of the Statutes.

ARTICLE 15.

The ownership of shares of the Bank carries no right of voting or representation at the General Meeting. The right of representation and of voting, in proportion to the number of shares subscribed in each country, may be exercised by the central bank of that country or by its nominee. Should the central bank of any country not desire to exercise these rights they may be exercised by a financial institution of widely recognised standing and of the same nationality, appointed by the Board, and not objected to by the central bank of the country in question. In cases where there is no central bank, these rights may be exercised, if the Board thinks fit, by an appropriate financial institution of the country in question appointed by the Board.

ARTICLE 16.

Any subscribing institution or banking group may issue, or cause to be issued to the public the shares for which it has subscribed.

Article 17.

Any subscribing institution or banking group may issue to the public certificates against shares of the Bank owned by it. The form, details and terms of issue of such certificates shall be determined by the bank issuing them, in agreement with the Board.

Article 18.

The receipt or ownership of shares of the Bank or of certificates issued in accordance with Article 17 implies acceptance of the Statutes of the Bank and a statement to that effect shall be embodied in the text of such shares and certificates.

Article 19.

The registration of the name of a holder of shares in the books of the Bank establishes the title to ownership of the shares so registered.

Chapter III.—*Powers of the Bank.*

Article 20.

The operations of the Bank shall be in conformity with the monetary policy of the central banks of the countries concerned.

Before any financial operation is carried out by or on behalf of the Bank on a given market or in a given currency the Board shall afford to the central bank or central banks directly concerned an opportunity to dissent. In the event of disapproval being expressed within such reasonable time as the Board shall specify, the proposed operation shall not take place. A central bank may make its concurrence subject to conditions and may limit its assent to a specific operation, or enter into a general arrangement permitting the Bank to carry on its operations within such limits as to time, character and amount as may be specified. This article shall not be read as requiring the assent of any central bank to the withdrawal from its market of funds to the introduction of which no objection had been raised by it, in the absence of stipulations to the contrary by the Central Bank concerned at the time the original operation was carried out.

Any Governor of a central bank, or his alternate or any other Director specially authorised by the central bank of the country of which he is a national to act on its behalf in this matter, shall, if he is present at the meeting of the Board and does not vote against any such proposed operation, be deemed to have given the valid assent of the central bank in question.

If the representative of the central bank in question is absent or if a central bank is not directly represented on the Board, steps shall be taken to afford the central bank or banks concerned an opportunity to express dissent.

ARTICLE 21.

The operations of the Bank for its own account shall only be carried out in currencies which in the opinion of the Board satisfy the practical requirements of the gold or gold exchange standard.

ARTICLE 22.

The Board shall determine the nature of the operations to be undertaken by the Bank. The Bank may in particular :

(*a*) buy and sell gold coin or bullion for its own account or for the account of central banks ;

(*b*) hold gold for its own account under earmark in central banks ;

(*c*) accept the custody of gold for the account of central banks ;

(*d*) make advances to or borrow from central banks against gold, bills of exchange and other short-term obligations of prime liquidity or other approved securities ;

(*e*) discount, rediscount, purchase or sell with or without its endorsement bills of exchange, cheques and other short-term obligations of prime liquidity, including Treasury Bills and other such Government short-term securities as are currently marketable ;

(*f*) buy and sell exchange for its own account or for the account of central banks ;

(*g*) buy and sell negotiable securities other than shares for its own account or for the account of central banks ;

(*h*) discount for central banks bills taken from their portfolio and rediscount with central banks bills taken from its own portfolio ;

(*i*) open and maintain current or deposit accounts with central banks ;

(*j*) accept :

(i) deposits from central banks on current or deposit account ;

(ii) deposits in connection with trustee agreements that may be made between the Bank and Governments in connection with international settlements ;

(iii) such other deposits as in the opinion of the Board come within the scope of the Bank's functions.

The Bank may also :

(*k*) act as agent or correspondent of any central bank ;

(*l*) arrange with any central bank for the latter to act as its agent or correspondent. If a central bank is unable or unwilling to act in this capacity, the Bank may make other arrangements, provided that the central bank concerned does not object. If in such circumstances it should be deemed advisable that the Bank should establish its own agency, the sanction of a two-thirds majority of the Board will be required ;

(*m*) enter into agreements to act as trustee or agent in connection with international settlements, provided that such agreements shall not encroach on the obligations of the Bank towards third parties; and carry out the various operations laid down therein.

ARTICLE 23.

Any of the operations which the Bank is authorised to carry out with central banks under the preceding Article may be carried out with banks, bankers, corporations or individuals of any country provided that the central bank of that country does not object.

ARTICLE 24.

The bank may enter into special agreements with central banks to facilitate the settlement of international transactions between them.

For this purpose it may arrange with central banks to have gold earmarked for their account and transferable on their order, to open accounts through which central banks can transfer their assets from one currency to another and to take such other measures as the Board may think advisable within the limits of the powers granted by these Statutes. The principles and rules governing such accounts shall be fixed by the Board.

ARTICLE 25.

The Bank may not:

(*a*) issue notes payable at sight to bearer;
(*b*) "accept" bills of exchange;
(*c*) make advances to Governments;
(*d*) open current accounts in the name of Governments;
(*e*) acquire a predominant interest in any business concern;
(*f*) except so far as is necessary for the conduct of its own business, remain the owner of real property for any longer period than is required in order to realise to proper advantage such real property as may come into the possession of the Bank in satisfaction of claims due to it.

ARTICLE 26.

The Bank shall be administered with particular regard to maintaining its liquidity, and for this purpose shall retain assets appropriate to the maturity and character of its liabilities. Its short-term liquid assets may include bank notes, cheques payable at sight drawn on first class banks, claims in course of collection, deposits at sight or at short notice in first class banks, and prime bills of exchange of not more than ninety days' usance, of a kind usually accepted for rediscount by central banks.

The proportion of the Bank's assets held in any given currency shall be determined by the Board with due regard to the liabilities of the Bank.

Chapter IV.—*Management.*

Article 27.

The administration of the Bank shall be vested in the Board.

Article 28.

The Board shall be composed as follows:

(1) The Governors for the time being of the central banks of Belgium, France, Germany, Great Britain, Italy, Japan and the United States of America (hereinafter referred to as *ex officio* Directors), or if any of the said Governors are unwilling or unable to hold office, their respective nominees (hereinafter referred to as substitute nominees).

The tenure of office of a substitute nominee shall be within the discretion of the Governor by whom he is appointed, but shall terminate in any case when that Governor vacates office.

Any *ex officio* Director may appoint one person as his alternate who shall be entitled to attend and exercise the powers of a Director at meetings of the Board if the Governor himself is unable to be present.

(2) Seven persons representative of finance, industry or commerce, appointed one each by the Governors of the central banks mentioned in sub-clause (1), and being of the same nationality as the Governor who appoints him.

During the continuance of the liability of Germany to pay Reparation annuities, two persons of French and German nationality respectively, representative of industry or commerce, appointed by the Governors of the Bank of France and of the Reichsbank respectively, if they so desire.

If for any reason the Governor of any of the seven institutions above mentioned is unable or unwilling to serve as Director, or to appoint a substitute nominee under sub-clause (1), or to make an appointment under sub-clause (2), the Governors of the other institutions referred to or a majority of them may invite to become members of the Board two nationals of the country of the Governor in question, not objected to by the central bank of that country.

Directors appointed as aforesaid, other than *ex officio* Directors or their substitute nominees, shall hold office for three years but shall be eligible for reappointment.

(3) Not more than nine persons to be elected by the following procedure:—

The Governor of the central bank of every country, other than those mentioned in sub-clause (1), in which capital has been subscribed at the time of incorporation shall be entitled to submit a list of four candidates of his own nationality for directorship, which may include his own name. Two of the candidates on each list shall be representative of finance, and the other two of industry or commerce. From these lists the Board may elect, by a two-thirds majority, not more than nine persons.

The Directors so elected shall be divided by lot into three groups, as nearly as may be equal in number, of which one group shall retire at the end of the first, one at the end of the second, and one at the end of the third financial year of the Bank. The retiring Directors shall be eligible for re-election.

At the first meeting of Directors in the second and succeeding financial years the Board may elect by a two-thirds majority not more than three Directors from a panel of candidates composed of lists of persons with similar qualifications to those specified in connection with the first election. The Governors of the central banks of every country, other than those mentioned in sub-clause (1), in which capital has at the date of such meeting been subscribed shall be entitled to submit a list of four persons to be included in the panel. Directors so elected shall hold office for three years, but shall be eligible for re-election.

If in any of the countries referred to in the preceding paragraph there is no central bank, the Board by a two-thirds majority may nominate an appropriate financial institution to exercise the right of submitting a list of candidates for election.

ARTICLE 29.

In the event of a vacancy occurring on the Board for any reason other than the termination of a period of office in accordance with the preceding Article the vacancy shall be filled in accordance with the procedure by which the member to be replaced was selected. In the case of Directors other than *ex officio* Directors, the new Director shall hold office for the unexpired period only of his predecessor's term of office. He shall, however, be eligible for re-election at the expiration of that term.

ARTICLE 30.

Directors must be ordinarily resident in Europe or in a position to attend regularly at meetings of the Board.

ARTICLE 31.

No person shall be appointed or hold office as a Director who is a member or an official of a Government or a member of a legislative body, unless he is the Governor of a central bank.

ARTICLE 32.

Meetings of the Board shall be held not less than ten times a year. At least four of these shall be held at the registered office of the Bank.

Article 33.

A member of the Board who is not present in person at a meeting of Directors may give a proxy to any other member authorising him to vote at that meeting on his behalf.

Article 34.

Unless otherwise provided by the Statutes, decisions of the Board shall be taken by a simple majority of those present or represented by proxy. In the case of an equality of votes, the Chairman shall have a second or casting vote.

The Board shall not be competent to act unless a quorum of Directors is present. This quorum shall be laid down in a regulation adopted by a two-thirds majority of the Board.

Article 35.

The members of the Board may receive, in addition to out-of-pocket expenses, a fee for attendance at meetings and/or a remuneration, the amounts of which will be fixed by the Board, subject to the approval of the General Meeting.

Article 36.

The proceedings of the Board shall be summarised in minutes which shall be signed by the Chairman.

Copies of or extracts from these minutes for the purpose of production in a Court of Justice must be certified by the General Manager of the Bank.

A record of decisions taken at each meeting shall be sent within eight days of the meeting to every member.

Article 37.

The Board shall represent the Bank in its dealings with third parties and shall have the exclusive right of entering into engagements on behalf of the Bank. It may however delegate this right to a member or members of the Board or of the permanent staff of the Bank, provided that it defines the powers of each person to whom it delegates this right.

Article 38.

The Bank shall be legally committed *vis-à-vis* third parties by the signature of the President or by two signatures either of members of the Board or of members of the staff who have been duly authorised by the Board to sign on its behalf.

ARTICLE 39.

The Board shall elect from among its members a Chairman and one or more Vice-Chairmen, one of whom shall preside at meetings of the Board in the absence of the Chairman.

The Chairman of the Board shall be President of the Bank.

He shall hold office for three years and shall be eligible for re-election.

Subject to the authority of the Board, the President will carry out the policy and control the administration of the Bank.

He shall not hold any other office which, in the judgment of the Board, might interfere with his duties as President.

ARTICLE 40.

At the meeting of the Board at which the election of a Chairman is to take place, the Chair shall be taken by the oldest member of the Board present.

ARTICLE 41.

A General Manager shall be appointed by the Board on the proposal of the President. He will be responsible to the President for the operations of the Bank and will be the chief of its operating staff.

The Heads of Departments, and any other officers of similar rank, shall be appointed by the Board on recommendations made by the President after consultation with the General Manager.

The remainder of the staff shall be appointed by the General Manager with the approval of the President.

ARTICLE 42.

The departmental organisation of the Bank shall be determined by the Board.

ARTICLE 43.

The Board may, if it thinks fit, appoint from among its members an Executive Committee to assist the President in the administration of the Bank.

The President shall be a member and *ex officio* Chairman of this Committee.

ARTICLE 44.

The Board may appoint advisory committees chosen wholly or partly from persons not concerned in the Bank's management.

ARTICLE 45.

As long as the Plan is in force, the Board shall convene the Special Advisory Committee referred to in the Plan, upon receipt of the notice therein provided for.

Chapter V.—*General Meeting.*

Article 46.

General Meetings of the Bank may be attended by nominees of the central banks or other financial institutions referred to in Article 15.

Voting rights shall be in proportion to the number of shares subscribed in the country of each institution represented at the meeting.

The Chair shall be taken at General Meetings by the Chairman of the Board or in his absence by a Vice-Chairman.

At least three weeks' notice of General Meetings shall be given to those entitled to be represented.

Subject to the provisions of these Statutes, the General Meeting shall decide upon its own procedure.

Article 47.

Within three months after the end of each financial year of the Bank, an Annual General Meeting shall be held upon such date as the Board may decide.

The meeting shall take place at the registered office of the Bank.

Voting by proxy will be permitted in such manner as the Board may have provided in advance by regulation.

Article 48.

The Annual General Meeting shall be invited :

(*a*) to approve the Annual Report, the Balance-Sheet upon the Report of the Auditors, and the Profit and Loss Account, and any proposed changes in the remuneration, fees or allowances of the members of the Board;

(*b*) to make appropriations to Reserve and to special funds; and to consider the declaration of a dividend and its amount;

(*c*) to elect the auditors for the ensuing year and to fix their remuneration; and

(*d*) to discharge the Board from all personal responsibility in respect of the past financial year.

Article 49.

Extraordinary General Meetings shall be summoned to decide upon any proposals of the Board :

(*a*) to amend the Statutes;

(*b*) to increase or decrease the capital of the Bank;

(*c*) to liquidate the Bank.

Chapter VI.—*Accounts and Profits.*

Article 50.

The financial year of the Bank will begin on 1st April and end on 31st March. The first financial period will end on 31st March, 1931.

Article 51.

The Bank shall publish an Annual Report, and at least once a month a Statement of Account in such form as the Board may prescribe.

The Board shall cause to be prepared a Profit and Loss Account and Balance Sheet of the Bank for each financial year in time for submission to the Annual General Meeting.

Article 52.

The Accounts and Balance Sheet shall be audited by independent auditors. The auditors shall have full power to examine all books and accounts of the Bank and to require full information as to all its transactions. The auditors shall report to the Board and to the General Meeting and shall state in their Report:

(*a*) whether or not they have obtained all the information and explanations they have required; and

(*b*) whether, in their opinion, the Balance Sheet dealt with in the Report is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of their information and the explanations given to them, and as shown by the books of the Bank.

Article 53.

The yearly net profits of the Bank shall be applied as follows:—

(*a*) five per cent. of such net profits, or such proportion of five per cent. as may be required for the purpose, shall be paid to a reserve fund called the Legal Reserve Fund until that Fund reaches an amount equal in value to ten per cent. of the amount of the paid-up capital of the Bank for the time being;

(*b*) thereafter such net profits shall be applied in or towards the payment of a dividend of six per cent. per annum on the amount of the paid-up capital of the Bank. This dividend shall be cumulative;

(*c*) as to the residue (if any) of such net profits twenty per cent. shall be paid to the shareholders until a maximum further dividend of six per cent. (which shall be non-cumulative) is reached, provided that the Board may in

any year withhold all or any part of this additional payment and place it to the credit of a special dividend reserve fund for use in maintaining the cumulative six per cent. dividend provided for in the preceding paragraph or for subsequent distribution to the shareholders;

(*d*) after making provision for the foregoing, one-half of the yearly net profits then remaining shall be paid into the General Reserve Fund of the Bank until it equals the paid-up capital. Thereafter forty per cent. shall be so applied until the General Reserve Fund equals twice the paid-up capital; thirty per cent. until it equals three times the paid-up capital; twenty per cent. until it equals four times the paid-up capital; ten per cent. until it equals five times the paid-up capital; and from that point onward, five per cent.

In case the General Reserve Fund, by reason of losses or by reason of an increase in the paid-up capital, falls below the amounts provided for above after having once attained them, the appropriate proportion of the yearly net profits shall again be applied until the position is restored.

(*e*) As long as the Plan is in force any remainder of the net profits after meeting the foregoing requirements shall be disposed of as follows:—

(i) as to seventy-five per cent. to such of the Governments or central banks of Germany and the countries entitled to share in the annuities payable under the Plan, as have maintained time deposits at the Bank subject to withdrawal in not less than five years from the time of deposit or after four years on not less than one year's notice. This sum shall be distributed annually in proportion to the size of the deposits maintained by the respective Governments or central banks in question. The Board shall have the power to determine the minimum deposit which would justify the distribution provided for;

(ii) as to twenty-five per cent. as follows:—

If the German Government elects to make a long-term deposit with the Bank withdrawable only on the terms specified under sub-clause (i) above and amounting to the minimum sum of 400,000,000 reichsmarks, the said twenty-five per cent. shall go into a Special Fund, to be used to aid Germany in paying the last twenty-two annuities provided for in the Plan.

If the German Government elects to make such long-term deposit amounting to a sum below 400,000,000 reichsmarks, the participation of the German Government shall be reduced in proportion, and the balance shall be added to the seventy-five per cent. referred to in sub-clause (i) above.

If the German Government elects not to make any such long-term deposit, the said twenty-five per cent. shall be distributed as provided in sub-clause (i) above.

The Special Fund referred to above shall carry compound interest, reckoned on an annual basis, at the maximum current rate paid by the Bank on time deposits.

If the Special Fund should exceed the amount required to pay the last twenty-two annuities, the balance shall be distributed among the creditor Governments as provided for in the Plan.

(*f*) At the expiration of the period referred to in the first paragraph of sub-clause (*e*) the disposal of the remainder of the net profits referred to in sub-clause (*e*) shall be determined by the General Meeting on the proposal of the Board.

ARTICLE 54.

Reserve Funds.

The General Reserve Fund shall be available for meeting any losses incurred by the Bank. In case it is not adequate for this purpose, recourse may be had to the Legal Reserve Fund provided for in Article 53 (*a*).

These reserve funds, in the event of liquidation, and after the discharge of the liabilities of the Bank and the costs of liquidation, shall be divided among the shareholders.

Chapter VII.—*General Provisions.*

ARTICLE 55.

The Bank may not be liquidated except by a three-fourths majority of the General Meeting. It shall not in any case be liquidated before it has discharged all the obligations which it has assumed under the Plan.

ARTICLE 56.

(1) If any dispute shall arise between the Bank, on the one side, and any central bank, financial institution, or other bank referred to in the present Statutes, on the other side, or between the Bank and its shareholders, with regard to the interpretation or application of the Statutes of the Bank, the same shall be referred for final decision to the Tribunal provided for by The Hague Agreement of January, 1930.

(2) In the absence of agreement as to the terms of submission either party to a dispute under this Article may refer the same to the Tribunal, which shall have power to decide all questions (including the question of its own jurisdiction) even in default of appearance by the other party.

(3) Before giving a final decision and without prejudice to the questions at issue, the President of the Tribunal, or, if he is unable to act in any case, a member of the Tribunal to be designated by him forthwith, may, on the request of the first party applying therefor, order any appropriate provisional measures in order to safeguard the respective rights of the parties.

(4) The provisions of this Article shall not prejudice the right of the parties to a dispute to refer the same by common consent to the President or a member of the Tribunal as sole arbitrator.

ARTICLE 57.

In all cases not covered by the preceding Article, or by some other provision for arbitration, the Bank may proceed or be proceeded against in any court of competent jurisdiction.

ARTICLE 58.

For the purposes of these Statutes :—

(1) Central bank means the bank in any country to which has been entrusted the duty of regulating the volume of currency and credit in that country; or, where a banking system has been so entrusted, the bank forming part of such system which is situated and operating in the principal financial market of that country.

(2) The Governor of a central bank means the person who, subject to the control of his Board or other competent authority, has the direction of the policy and administration of the Bank.

(3) A two-thirds majority of the Board means not less than two-thirds of the votes (whether given in person or by proxy) of the whole directorate.

ARTICLE 59.

Amendments of any Articles of these Statutes other than those enumerated in Article 60 may be proposed by a two-thirds majority of the Board to the General Meeting and if adopted by a majority of the General Meeting shall come into force, provided that such amendments are not inconsistent with the provisions of the Articles enumerated in Article 60.

ARTICLE 60.

Articles 2, 3, 4, 9, 15, 20, 25, 28, 46, 53, 56, 59 and 60 cannot be amended except subject to the following conditions : the amendment must be adopted by a two-thirds majority of the Board, approved by a majority of the General Meeting and sanctioned by a law supplementing the Charter of the Bank.

J. E. R.

No. 4.

ARRANGEMENT RELATING TO THE CONCURRENT MEMORANDUM ACCOMPANYING THE EXPERTS' PLAN OF 7th JUNE 1929.

The duly authorised representatives of the Governments of Belgium, France, Great Britain and Northern Ireland, Greece, Italy, Portugal, Roumania and Jugo-Slavia have agreed with the German Government as follows :—

(1) The creditor Powers undertake that Germany shall on the conditions contained in the Annex hereto (which is a reproduction of the "Concurrent Memorandum" attached to the Report of the Experts' Committee of the 7th June, 1929) have the benefit of any relief which any one or more of those Powers may receive in respect of its net outward payments on account of War Debts. The War Debts referred to in this Clause are those dealt with by the following agreements :—

Inter-allied debts which have been taken into consideration in calculating the annuities according to the Young Plan.

(1) To the United States of America.

Great Britain : Agreement of the 18th June, 1923.
France : Agreement of the 29th April, 1926.
Italy : Agreement of the 14th November, 1925.
Belgium : Agreement of the 18th August, 1925.
Yugo-Slavia : Agreement of the 3rd May, 1926.
Roumania : Agreement of the 4th December, 1925.
Greece : Agreement of the 18th January, 1928.

(2) To Great Britain.

France : Agreement of the 12th July, 1926.
Italy : Agreement of the 27th January, 1926.
Roumania : Agreement of the 19th October, 1925.
Yugo-Slavia : Agreement of the 9th August, 1927.
Portugal : Agreement of the 31st December, 1926.
Greece : Agreement of the 9th April, 1927.

(3) To France.

Roumania : Agreement of the 17th January, 1930.
Yugo-Slavia : Agreement of the 20th January, 1930 (dealing with the War Debt).
Greece : Agreement of the 20th January, 1930 (provisions relating to the pre-armistice debt—Tranche A).

(2) Any dispute between the Contracting Parties as to the interpretation or application of this Agreement shall be submitted for final decision to the Tribunal established by the Agreement with Germany concluded at The Hague in January 1930.

(3) This arrangement, of which the English and French texts are equally authentic, shall be ratified, and shall go into force for each Government after ratification by it, at the same time as the

Agreement with Germany for the complete and final settlement of the question of reparations concluded on this same day at The Hague goes into force.

Done at the Hague this 20th day of January, 1930.

CURTIUS.
WIRTH.
SCHMIDT.
MOLDENHAUER.
HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
HENRI CHÉRON
LOUCHEUR.
PHILIP SNOWDEN.
N. POLITIS.
J. G. POLITIS.
A. MOSCONI.
A. PIRELLI.
SUVICH.
G. G. MIRONESCO.
J. LUGOSIANO.
AL. ZEUCEANO.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

ANNEX.

Concurrent Memorandum but not a Part of the Report.

Special Memorandum of the Experts of the Principal Creditor Powers and of Germany regarding out-Payments.

(Signed concurrently with the Report of the Committee of Experts.)

1. In the annuities provided in the report, the following amounts are required to cover out-payments :—

	Equivalent in Millions of R.M.
2	965·1
3	942·3
4	995·4
5	1,136·4
6	1,199·0
7	1,224·9
8	1,271·8
9	1,334·0
10	1,352·5

	Equivalent in Millions of R.M.
11	1,375·0
12	1,487·6
13	1,437·9
14	1,455·1
15	1,451·5
16	1,464·7
17	1,460·9
18	1,456·5
19	1,472·3
20	1,467·1
21	1,461·6
22	1,503·9
23	1,487·9
24	1,491·0
25	1,498·1
26	1,509·4
27	1,504·5
28	1,499·1
29	1,506·7
30	1,538·6
31	1,515·4
32	1,525·4
33	1,543·2
34	1,585·0
35	1,547·4
36	1,546·8
37	1,573·7
38	1,566·9
39	1,566·1
40	1,575·9
41	1,589·2
42	1,602·9
43	1,613·1
44	1,621·5
45	1,624·9
46	1,627·6
47	1,634·2
48	1,637·9
49	1,644·6
50	1,654·7
51	1,659·6
52	1,670·5
53	1,687·6
54	1,691·8
55	1,703·3
56	1,683·5
57	925·1
58	931·4
59	897·8

It is represented that in the event of modifications of those obligations for out-payments, by which the Creditors benefit, there should be some corresponding mitigation of the German annuities. The Experts of the four chief Creditor countries and of Germany therefore recommend that Germany and all the Creditor Governments having obligations for out-payments should undertake between themselves an arrangement on the following basis :

2. Any relief which any Creditor Power may effectively receive, in respect of its net outward payments on account of War Debts; after making due allowance for any material or financial counter-considerations, and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows :—

As regards the first 37 years :—

(*a*) Germany shall benefit to the extent of two-thirds of the net relief available by way of a reduction in her annuity obligations thereafter.

(*b*) One-third of the net relief shall be retained by the creditor concerned; in addition to the amounts otherwise receivable from Germany.

(*c*) Nevertheless, so long as any liability of Germany persists in respect of the period after the 31st March, 1966, the creditor concerned will retain annually only one-fourth part of the net relief, the balance being paid to the Bank for International Settlements.

(*d*) These payments to the Bank for International Settlements shall accumulate to assist Germany towards meeting her liabilities in respect of the period after the 31st March, 1966; any sums found after application of the funds provided in Annex I not to be required for this purpose (together with the accumulations thereon) shall be returned to the creditor by whom they were provided.

As regards the last 22 years :—

The whole of such relief shall be applied to the reduction of Germany's liabilities.

3. We recommend that the Creditor Governments should agree that, if the operation of the relief to Germany envisaged in respect of a possible reduction of net out-payments is such as to change materially the proportions in which the total annuities provided for in the present plan are divided amongst them, they meet to consider a revision tending towards the restoration of the present proportions; but having regard to the following conditions set out below and any other relevant factors then existing :—

(*a*) The service of any bonds mobilised by the creditor country, and the balance of its net outward payments in respect of war debts remaining to be covered must continue to

be met out of the share falling to it in the annuities thereafter to be paid by Germany.

(*b*) Due allowance shall be made for any material or financial counter-considerations accepted by the creditor country in connection with the relief accorded to it in respect of war debts payments.

4. It was originally suggested that the amounts of the postponable annuities should be regulated by reference to the net amounts which the various creditors were themselves able to postpone in respect of inter-Allied War Debts, the general conditions therein governing postponements to be applied. For various reasons, this method of calculation could not be adopted, but endeavour was made to adapt the moratorium provisions in such a way that the rights granted to Germany should not be greater than those of the Creditor Powers. The unconditional part of the annuity has therefore been fixed, while guarantees have been provided for the remainder.

FRANCQUI.
GUTT.
E. MOREAU.
J. PARMENTIER.
Dr. HJALMAR SCHACHT.
KASTL.
J. C. STAMP.
C. S. ADDIS.
A. PIRELLI.
SUVICH.

Paris. June 7th, 1929.

No. 5.

EXCHANGE OF NOTES CONCERNING THE AGREEMENT BETWEEN GERMANY AND THE UNITED STATES.

Dr. Curtius to M. Jaspar.

(Translation.)

Mr. President, *The Hague, January 20th*, 1930.

In the name of my Government I have the honour to make the following communication :—

"The German Government will not exercise in relation to any one of the Creditor Powers the rights of postponement which it possesses under the agreements already signed or initialled without exercising at the same time any similar rights which it may possess in relation to all the other Powers whose claims are included in the annuities, as set out in the Experts' report of the 7th June, 1929. Moreover in the future the German Government will not, in connection with postponement, give any special advantage to any one of those Powers.

Nothing contained herein-above shall be construed as impairing in any way Germany's rights and obligations under the agreements already signed or initialled."

I beg you to accept, Mr. President, the expression of my highest consideration.

CURTIUS.

M. Jaspar to Dr. Curtius.

(Translation.)

Your Excellency, *The Hague, January 20th*, 1930.

I have the honour to acknowledge receipt of your letter dated to-day, by which, in the name of your Government, you made to me the following communication :—

"The German Government will not exercise in relation to any one of the Creditor Powers the rights of postponement which it possesses under the agreements already signed or initialled without exercising at the same time any similar rights which it may possess in relation to all the other Powers whose claims are included in the annuities, as set out in the Experts' report of the 7th June, 1929. Moreover in the future the German Government will not, in connection with postponement, give any special advantage to any one of those Powers.

Nothing contained herein-above shall be construed as impairing in any way Germany's rights and obligations under the agreements already signed or initialled."

I beg you to accept, Your Excellency, the expression of my highest consideration.

HENRI JASPAR.

No. 6.

ARRANGEMENT AS TO THE FINANCIAL MOBILISATION OF THE GERMAN ANNUITIES.

THE duly authorised representatives of the signatory Governments taking into consideration on the one hand, Article 165 of the Experts' Report which states that from the point of view of the Creditor Powers, an essential aspect of the New Plan is in the fact that the Annuity is paid in a manner lending itself to mobilisation in accordance with the provisions laid down in this respect; and on the other hand, Article 161 of the same report which recognises the necessity to re-establish the financial autonomy of Germany;

Have agreed, in a spirit of collaboration, upon the following:

I.

1. Certain Creditor Governments state their intention to proceed, as soon as possible, with the issue on the international markets of one or more tranches of reparation bonds of a total amount of 300 million dollars. They propose to make this issue before the 1st October, 1930.

2. The German Government declares that it will not issue any external long term loan before the 1st October, 1930, or, if the issue referred to in the preceding paragraph has not taken place before this date, before the expiry of one year from the date of the delivery to the Bank for International Settlements of the Debt Certificate of the Reich, on the understanding that this undertaking shall not extend beyond the 31st March, 1931. This declaration concerns also the Reichspost and the German Railway Company.

3. Moreover, the above mentioned declaration of the German Government lapses in the following cases:—

(*a*) Immediately upon the effective accomplishment of mobilisation operations for the amount mentioned above;

(*b*) Two months after the Bank for International Settlements has notified, in accordance with the provisions of Article 143 of the Annexes to the Plan, that it appears to be practicable to proceed with the issue of the amount suggested above, or of an issue completing the amount if owing to the Creditor Powers this issue has not taken place.

4. The sum of 300 million dollars mentioned above refers to the effective proceeds, and not the nominal value, of the bonds issued.

5. The Reich notifies that by virtue of an Act dated the 26th October, 1929, it had contracted with the Svenska Tändsticke Aktiebolaget of Stockholm and with the N.V. Financieele Mij. Kreuger and Toll of Amsterdam for a loan of 125 million dollars.

It is understood that the above declarations do not apply to this loan.

The German Government undertakes, however, that the obligations of the Reich which are to be created by virtue of this Act shall not be offered for public subscription until after the 30th June, 1933.

The German Government undertakes, in agreement with the Svenska Tändsticke Aktiebolaget of Stockholm and with the N.V. Financieele Mij. Kreuger and Toll of Amsterdam (whose adhesion is dealt with in a letter which shall be annexed to the present document), that the service of this loan shall never give rise to any discrimination to the prejudice of the service of the unconditional annuities.

II.

6. The German Government reserves to itself the right to participate in the mobilisation issue of an amount of 300 million dollars specified in paragraph 1 above. This participation will take place on the original terms.

7. These operations will be carried out through the Bank for International Settlements. The proceeds and the service of the loan shall be divided between the reparation creditors who have a share in the unconditional part of the annuities and the German Government in the proportion of two-thirds for the former and one-third for the latter.

8. The charges for such loans shall be covered in the above proportions by a deduction from reparation payments and by a payment by the Reich to the Bank for International Settlements. In the case of each of these loans, the sums provided by this deduction and this payment shall be merged by the Bank for International Settlements in an account exclusively and solely reserved for the service of this loan.

9. The contracts for loans of the type mentioned above shall contain a clause for anticipated redemption after a period not longer than ten years.

10. If the German Government declares its wish to make use of the option referred to above, and if it proves impossible to secure the suggested collaboration in the form described above, the Governments concerned declare that they are nevertheless firmly

resolved to attain this collaboration by seeking practical solutions to achieve this result.

The German and French texts of the present arrangement are equally valid.

For the German Government:
MOLDENHAUER.

For the British Government:
PHILIP SNOWDEN.

For the French Government:
HENRI CHÉRON.
LOUCHEUR.

For the Italian Government:
SUVICH.

For the Japanese Government:
M. ADATCI.
K. HIROTA.

For the Portuguese Government:
R. ULRICH.
TOMAZ FERNANDES.

For the Jugo-Slav Government:
Dr. V. MARINKOVITCH.
C. FOTITCH.

ANNEX.

Dr. Moldenhauer to Herr Kreuger.

(Translation.)

Dear Herr Kreuger, *The Hague, 17th January,* 1930.

The German Government has made the following declaration to the Creditor Powers:—

"The German Government undertakes that the obligations of the Reich which are to be created by virtue of this Act shall not be offered for public subscription until after the 30th June, 1933.

The German Government undertakes, in agreement with the Svenska Tändsticke Aktiebolaget of Stockholm and with the N.V. Financieele Mij Kreuger and Toll of Amsterdam, whose adhesion is dealt with in a letter which shall be annexed to the present document, that the service of this loan shall never give rise to any discrimination to the prejudice of the service of the unconditional annuities."

I beg you to confirm to me that the Svenska Tändsticke Aktiebolaget Stockholm which you represent has agreed to this declaration and that you will secure the agreement of N.V. Financieele Mij Kreuger and Toll, Amsterdam.

MOLDENHAUER.

Herr Kreuger to Dr. Moldenhauer.

(Translation.)

Your Excellency, *The Hague, 17th January*, 1930.

I HAVE received your letter of even date and I have the honour to confirm that the Svenska Tändsticke Aktiebolaget of Stockholm which I represent has agreed to the declaration which you have made to the Creditor Powers and that I will secure the agreement of the N.V. Financieele Mij Kreuger and Toll of Amsterdam.

I have, &c.

IVAR KREUGER.

No. 7.

LETTERS EXCHANGED CONCERNING THE TARIFFS OF THE GERMAN RAILWAY COMPANY.

Dr. Curtius to M. Jaspar.

(Translation.)

Mr. President, *The Hague, January 20th*, 1930.

I HAVE the honour to inform you that the German Delegation accepts the formula drawn up by the Railway Experts specifying that the German Railway Company will be under the obligation, while observing in its management the provisions of the Railway Law and Statutes, of regulating its expenditure and of fixing its tariffs in such a way that the payments in respect of the reparation tax, of interest and of redemption of the loans of the Company, of the preference share dividend, as well as of the redemption of the shares, will be secured.

The German Government is of the opinion that this obligation already results from the provisions of the Draft of the Law, as the Experts have observed. The German Government is, however, ready to confirm this interpretation by inserting an explanation to that effect in the Explanation of the Objects of the Draft Law.

I beg you to accept, Mr. President, the assurance of my highest consideration.

CURTIUS.

M. Jaspar to Dr. Curtius.

(Translation.)

Your Excellency, *The Hague, January 20th*, 1930.

I HAVE the honour to acknowledge receipt of your letter of January 20th, 1930, by which you were so good as to inform me that the German Delegation accepts the formula drawn up by the Railway Experts specifying that the German Railway Company will be under the obligation, while observing in its management the provisions of the Railway Law and Statutes, of regulating its expenditure and of fixing its tariffs in such a way that the payments in respect of the reparation tax, of interest and of redemption of the loans of the Company, of the preference share dividend, as well as of the redemption of these shares, will be secured.

I note also that the German Government is of the opinion that this obligation already results from the provisions of the Draft of the Law, as the Experts have observed. The German Government is, however, ready to confirm this interpretation by inserting an explanation to that effect in the Explanation of the Objects of the Draft Law.

I beg you to accept, your Excellency, the assurance of my highest consideration.

HENRI JASPAR,
President of the Conference.

No. 8.

LETTERS ADDRESSED TO THE PRESIDENT OF THE CONFERENCE BY THE BELGIAN AND GERMAN PLENIPOTENTIARIES, CONCERNING THE AGREEMENT BETWEEN THEIR RESPECTIVE GOVERNMENTS RESPECTING THE GERMAN MARKS IN BELGIUM.

Dr. Curtius to M. Jaspar.

(Translation.)

Mr. President, *The Hague, 16th January,* 1930.

In Annexe VI of the Experts' Report of June 7th, 1929, the Experts expressed the opinion that the New Plan could not enter into force before the German and Belgian Governments had concluded an agreement, binding in international law, regarding the so-called Marks Question.

With regard to this question, I have the honour to inform Your Excellency that, in the name of the German and Belgian Governments, an Agreement was signed at Brussels on July 13th, 1929, to settle this question, and that after ratification this Agreement will enter into force at the same time as the New Plan. This declaration is made in agreement with the Belgian Government.

I beg you to accept, Mr. President, the expression of my highest consideration.

CURTIUS.

M. Hymans to M. Jaspar.

(Translation.)

Mr. President, *The Hague, January 16th* 1930.

In Annexe VI of the Experts' Report of June 7th, 1929, the Experts expressed the opinion that the New Plan could not enter into force before the Belgian and German Governments had concluded an agreement binding in international law regarding the so-called Marks Question.

With regard to this question, I have the honour to inform Your Excellency that, in the name of the Belgian and German Governments, an Agreement was signed at Brussels on July 13th 1929, to settle this question, and that after ratification this Agreement will enter into force at the same time as the New Plan. This declaration is made in agreement with the German Government.

I beg you to accept, Mr. President, the assurance of my highest consideration.

HYMANS.

No. 9.

TRANSITORY PROVISIONS.

THE President of the Conference reports that the Governments represented at the Conference of The Hague have agreed upon the following provisions :

By way of supplement to Annex III to the Protocol of The Hague dated the 31st August 1929, the Agent-General for Reparation Payments shall be instructed to make available to the Treasury of the Reich by way of loan, during the period from the signature of the Agreement of The Hague on German reparations of January 1930 to the ratification of the said Agreement by the German Government, the difference between the payments under the Dawes Plan and the amounts provided in the New Plan.

From the date of the ratification by Germany of the Agreement concluded at The Hague in January, 1930 on the subject of German reparations to the putting into execution of the New Plan as provided in the fifth paragraph of the final clause of the said Agreement, the German Government shall be entitled to pay to the Agent-General for Reparation Payments only the annuities due under the New Plan.

If it should be impossible to put the New Plan into execution, the present Agreement shall become null and void and the amounts withheld through its application shall be paid to the Creditor Governments within four months.

HENRI JASPAR.

M. P. A. HANKEY.

The 20th January, 1930.

No. 10.

ARRANGEMENT BETWEEN THE CREDITOR POWERS.

(GERMANY.)

THE duly authorised representatives of the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czecho-Slovak Republic and the Government of His Majesty the King of Jugo-Slavia, have concluded the following arrangement:

1. The Signatory Powers accept the division of the German payments resulting from the New Plan as a final settlement of all questions relating to the distribution of payments, transfers, cessions and deliveries already made by Germany in execution of the Treaty of Versailles, the Armistice Conventions, and any supplementary Agreements, subject only to the provisions set out in Articles 3 and 4 of this arrangement.

This division among the Signatory Powers shall not be affected by any existing arrangements between them nor by the result of accounts relating to past transactions.

2. In consequence, all accounts between the Signatory Powers or between any one of them and the Reparation Commission, relating to questions dealt with in Article 1 and regarding the period prior to the application of the Experts' Plan of June 7th, 1929 (including accounts relating to the shares of the German pre-war public debt), have henceforth no purpose or effect and will be closed in their existing state, subject only to the provisions set out in Articles 3 and 4 of this arrangement.

3. Nevertheless—

(*a*) The shares of the Bagdad Railway Company at present held by the Reparation Commission will be allotted in three equal portions to France, Great Britain and Italy, without giving rise to any adjustment of accounts between the Creditor Powers.

(*b*) The method of distribution of the cables ceded by Germany under the Treaty of Versailles will be settled by the Creditor Powers concerned.

(*c*) The expenses of the Experts Committee of 1929 to be met by the Creditor Powers will be finally divided among them in accordance with the percentages provided by the Spa Agreement and the complementary Agreements.

(*d*) Any savings realised on the sums paid to the Sections of the Inter-Allied Rhineland High Commission out of the fifth Dawes annuity shall be used towards meeting the expenses of the said Sections after the 31st August, 1929, including costs of liquidation. The balance of these expenses up to the following maxima: Belgium 250,000 Reichsmarks, France 750,000 Reichsmarks, Great Britain 364,000 Reichsmarks, shall be defrayed from the Fund provided for by Annex IV to the Protocol of August 31, 1929.

(*e*) If the expenses of the Reparation Commission and of the Organisations provided for by the Dawes Plan after 31st August, 1929 are not completely covered by the sums of 6 million Reichsmarks provided for by Annex III to the Hague Protocol of 31st August, 1929, any excess shall be met out of savings realised by the Reparation Commission and by the said organisations respectively on the sums allocated for such expenses out of the Fifth Dawes Annuity.

(*f*) All questions relating to claims or assets of the Reparation Commission the distribution of which is not provided for by the above paragraphs will be settled by the Governments of Belgium, France, Great Britain, Italy and Japan. Any receipts in respect of these claims or assets will be distributed in accordance with the rules of distribution laid down by the Agreement of January 14th, 1925.

4. For the application of paragraph 192 of the Annexes to the Experts' Report, a sum of 118,100,000 Reichsmarks will be handed over to Great Britain, Italy and Greece out of the receipts in respect of the last five months of the Dawes Plan.

This payment will be divided as follows:—

Great Britain	102,000,000
Italy	14,800,000
Greece	1,300,000

It will be charged on the excesses of the various Powers in the following amounts :—

France	89,380,446
Belgium	12,014,283
Japan	2,527,350
Jugo Slavia	13,021,695
Portugal	134,661
Roumania	912,920
Poland	108,645

5. The payments made to the Reparation Commission by the Government of Denmark, by the Free City of Danzig and by the Danzig Harbour and Waterways Board, are regarded as constituting a final settlement of their respective obligations towards the Reparation Commission in respect of state property ceded by Germany and of their shares in the German pre-war public debt.

6. The excess of the fund dealt with in paragraph 113 of the Annexes to the Experts' Report of June 7th, 1929, (penultimate sentence) will be divided among the Creditor Governments in accordance with the arrangements to be concluded between them when the time comes.

7. In order to give effect to Article VI of Annex I of the Protocol of 31st August, 1929, the French and Italian Governments agree to pay to Great Britain during each of the 36 financial years commencing April 1930, the annuities provided for in their respective War Debt Funding Agreements by equal monthly instalments on the 15th of each month, instead of in half-yearly instalments on the 15th September and 15th March of each year.

The dates of the release of the Italian gold deposit provided for in Article 7 of the Anglo-Italian War Debt Funding Agreement will be similarly modified.

8. The Annuities provided by Articles 3 and 4 of Annex I of The Hague Protocol of August 31st, 1929, shall be paid in two equal instalments on the 1st July and the 1st January in each year, from the 1st July, 1930, to the 1st January, 1966. For the current year, in the absence of any different arrangement, the whole amount shall be paid on March 15th, 1930, with interest at 5½% from October 1st, 1929.

9. The service of the annuity of 19·8 million Reichsmarks, payment of which to Great Britain was guaranteed by France and Belgium under Article III of Annex I of the Hague Protocol of August 31st, 1929, will be met as to 16,650,000 Reichsmarks by France and as to 3,150,000 Reichsmarks by Belgium.

10. This arrangement, of which the English and French texts are equally authentic, shall be ratified, and shall go into force for each Government after ratification by it, at the same time as the

Agreement with Germany for the complete and final settlement of the question of reparations concluded on this same day at The Hague goes into force.

Done at The Hague this 20th day of January, 1930.

HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.
HENRI CHÉRON.
LOUCHEUR.
N. POLITIS.
J. G. POLITIS.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
N. TITULESCO.
J. LUGOSIANO.
AL. ZEUCEANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

No. 11.

AGREEMENT WITH AUSTRIA.

The duly authorised representatives of the Government of the Republic of Austria, the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czecho-slovak Republic and the Government of His Majesty the King of Jugoslavia

Have reached the following agreement :

Article I.

The financial obligations of Austria arising under any provision of the Armistice of the 3rd November, 1918, and the Treaty of St. Germain and any Treaties or Agreements supplementary thereto shall be finally discharged by the payments, deliveries and cessions made by Austria up to the date of the coming into force of this Agreement, subject to the provisions of Article IV below. In consequence, the first charge on all the assets and revenues of Austria created by Article 197 of the Treaty of St. Germain in favour of the cost of reparation and all other costs arising under the said Treaty or any other Treaties or Agreements supplementary thereto or under the Armistice ceases to be operative.

Article II.

All relations between the Reparation Commission and Austria shall be terminated as from the date of the coming into force of the present Agreement. The accounts of the Reparation Commission with Austria will be considered as finally closed at the date when this Agreement comes into force.

ARTICLE III.

Subject to the provisions of Article IV of this Agreement, all outstanding claims and counter-claims arising under the Treaty of St. Germain or under the Armistice or in consequence of war measures between Austria on the one part and the other Powers signatory to this Agreement on the other part or between Austrian nationals and the said Powers or between the nationals of the said Powers and Austria are hereby reciprocally waived.

ARTICLE IV.

Any arrangements already signed by Austria on the one part and any other Power signatory to this Agreement on the other part in pursuance of the Treaty of St. Germain or any Treaties or Agreements supplementary thereto, and any credits resulting from the arrangements first mentioned in this Article remain unaffected by this Agreement.

ARTICLE V.

The Creditor Powers signatory to this Agreement undertake as from the date of coming into force of this Agreement to cease to apply their right to retain and liquidate the property, rights and interests belonging at the date of the coming into force of the Treaty of St. Germain to nationals of the former Austrian Empire or companies controlled by them, in so far as such property, rights and interests are not already liquid or liquidated or have not yet been definitely disposed of.

ARTICLE VI.

The claims of Austria against Germany referred to in Article 213 of the Treaty of St. Germain and any claims of Germany against Austria referred to in Article 261 of the Treaty of Versailles have been cancelled by The Hague Agreement of January 1930 concluded with Germany. Austria takes note of and accepts this cancellation.

Equally any claim of Austria against Hungary or Bulgaria referred to in the said Article 213 of the Treaty of St. Germain and any claim of Hungary or Bulgaria against Austria respectively referred to in Article 196 of the Treaty of Trianon and Article 145 of the Treaty of Neuilly are cancelled; any securities and documents relating to these claims shall be destroyed.

ARTICLE VII.

Nothing in this Agreement shall affect the arrangements made in connection with the guaranteed Austrian Loan of 1923, in connection with Austrian Relief Bonds and in connection with the obligations arising under Article 203 of the Treaty of St. Germain.

The further execution of this Article and its Annex in so far as the duties of the Reparation Commission are concerned will in due course form the subject of an arrangement between the parties interested.

ARTICLE VIII.

Any dispute between the Contracting Parties as to the interpretation or application of the present Agreement shall be submitted for final decision to the Tribunal referred to in the Hague Agreement with Germany of January 1930 in accordance with the procedure established in that Agreement. Provided always that on the occasion of any such dispute the place of the Member of the Tribunal appointed by Germany will be taken by a Member appointed by Austria.

Final Clause.

The present Agreement, of which the French and English texts are both authentic, shall be ratified.

The deposit of ratifications shall be made at Paris as soon as possible.

The Powers of which the seat of government is outside Europe will be entitled to inform the French Government through their diplomatic representative at Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

The first *procès-verbal* of the deposit of ratifications will be drawn up as soon as the Agreement has been ratified by Austria on the one hand and, on the other hand, by four of the governments of the following Powers, that is to say, Belgium, Great Britain, France, Italy and Japan and three of the governments of the following Powers, that is to say, Greece, Poland, Portugal, Roumania, Czechoslovakia and Jugo-Slavia.

The present Agreement will come into force between the Contracting Parties who have thus ratified, from and after the date of the first *procès-verbal*.

Save as above provided the Agreement will come into force for each Signatory Government at the date of its notification of the deposit of its ratification.

The French Government will transmit to all the Signatory Governments a certified copy of the *procès-verbaux* of the deposit of ratifications.

Done at The Hague in a single copy the 20th January, 1930.

SCHOBER.
JUCH.
HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.
HENRI CHÉRON.
LOUCHEUR.
N. POLITIS.
J. G. POLITIS.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
AL. ZEUCEANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

No. 12.

AGREEMENT WITH BULGARIA.

The duly authorised representatives of the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the Kingdom of Bulgaria, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czecho-Slovak Republic and the Government of His Majesty the King of Jugoslavia

Have reached the following agreement :

(1) The Creditor Powers waive their right to Tranche B of the Bulgarian reparation debt as defined by the Protocol of 21st March, 1923. Furthermore, Great Britain, France and Italy waive their claim to payment of the outstanding balance in respect of armies of occupation;

(2) The Creditor Powers accept in full and complete satisfaction of the total amount of Tranche A of the Bulgarian reparation debt which remains unpaid at this date the annuities expressed in gold francs fixed in the following Schedule of Payments, the gold franc as defined by article 146 of the Treaty of Neuilly.

	Number of Annuities in Gold Francs.
1st April, 1930 :	5 millions.
1st April, 1930, to 31st March, 1940 :	10 annuities of 10,000,000.
1st April, 1940, to 31st March, 1950 :	10 annuities of 11,500,000.
1st April, 1950, to 31st March, 1966 :	16 annuities of 12,515,238.

The first payment provided for 1st April, 1930, shall be made in full at that date. Subsequent annuities shall be payable in two equal half-yearly instalments on 30th September and 31st March of each year, the first instalment falling due on 30th September, 1930, and the last on 31st March, 1966.

(3) The annuities fixed in Article 2 shall constitute an unconditional obligation and the parties signatory to the present agreement waive their right to demand the application of Article 122 of the Treaty of Neuilly. Bulgaria may, however, if the need arises request the application of the system of postponement of transfer instituted by the Reparation Commission's decision of 23rd July, 1926, pursuant to the Financial Scheme

approved on 10th June, 1926, by the Council of the League of Nations.

These annuities shall enjoy the benefit of the same special securities as are assigned to the annuities of the Schedule of Payments of 21st March, 1923, by virtue of the Protocols of 21st March, 1923 and 24th September, 1928. They shall be represented by a debt certificate, with coupons attached, which shall be handed over by the Bulgarian Government to the Bank for International Settlements acting as trustee for the Creditor Powers.

The first charge established by Article 132 of the Treaty of Neuilly upon all the assets and revenues of Bulgaria for the cost of reparation and other costs referred to in that Article shall cease to have effect. But if the product of the special securities falls below 150% of the sums necessary for the service of the annuity, the Bulgarian Government undertakes at the request of the Bank for International Settlements, to assign to reparations additional securities which shall be considered acceptable by the said Bank and shall at least restore the said percentage, and to promulgate any laws necessary for this purpose.

(4) The National Bank of Bulgaria shall retain its present functions and obligations in regard to the payment of reparations arising out of the Regulations of 7th July, 1923 regarding the application of the Protocol of 21st March, 1923, and shall comply with those Regulations in regard to the collection of the proceeds from the securities, the constitution in national currency of the annuity funds and their conversion into foreign currencies.

(5) The rights and powers conferred on the Reparation Commission and on the Interallied Commission in Bulgaria shall, in so far as is necessary, be transferred to the Bank for International Settlements.

Consequently, the relations between the Reparation Commission and the Interallied Commission in Bulgaria, of the one part, and the Bulgarian Government, of the other part, shall terminate as soon as possible. The conditions and the date of this transfer shall be determined by a Committee consisting of two representatives of the Bulgarian Government, of four representatives of the Reparation Commission, or of the Interallied Commission in Bulgaria, (one of whom shall be the common delegate on the Reparation Commission or a representative appointed by him), and, if possible, of two representatives of the Bank for International Settlements.

(6) Further, and in addition to the payments fixed by Article 2, the Bulgarian Government shall remain responsible for all its obligations to the nationals of the Creditor Powers whose rights as now existing are in no way affected by the present Agreement.

The Creditor Governments who have not yet adhered to the contract of 14th April, 1923, relating to a moratorium granted to the Bulgarian Government by the French and Belgian Creditors, to the rider of 10th October, 1923, to the said contract and to the Agreement of 14th April, 1923, relating to the issue of Bulgarian 6½% State Bonds, 1923, may adhere thereto up to 30th June, 1930, and the

Bulgarian Government undertakes to accept such adhesions and to give full effect thereto.

(7) As from the date of the coming into force of the present agreement, the Creditor Governments waive their right to retain and liquidate the property, rights and interests of Bulgarian nationals, in so far as such property is not yet liquid or liquidated or has not been disposed of finally. Nevertheless, Bulgarian property subject to liquidation in Roumania has formed the subject of an agreement on the basis of a payment of 110 million lei to be made to Roumania in two equal instalments, the first of which shall be payable three months after ratification, and the second within a year. This agreement forms an integral part of the present Agreement.

(8) Bulgaria undertakes to conclude within six months of the coming into force of the present Agreement the arrangements necessary to ensure the regular service of the quota of the Ottoman Debt for which she is liable and to meet without delay the obligations devolving upon her as a result of the said arrangements.

(9) With the exception of claims which have been the subject of a previous special agreement or of a convention concluded in pursuance of the Treaty of Neuilly and also of claims arising under Article 141 of that Treaty, all claims of the Bulgarian Government against the Creditor Powers or their nationals and also all claims of Bulgarian nationals against the Creditor Powers based on the provisions of the Treaty of Neuilly are completely cancelled by the present Agreement.

(10) No private claims of nationals of the Creditor Powers, which under the Treaty of Neuilly should be settled either by the intervention of the Clearing Office or by the Mixed Arbitral Tribunals and which have not been regularly laid before those bodies before the coming into force of the present agreement, shall be received by them.

(11) The claims of Bulgaria against Germany referred to in Article 145 of the Treaty of Neuilly and any claims of Germany against Bulgaria referred to in Article 261 of the Treaty of Versailles have been cancelled by the Agreement with Germany of even date concluded at The Hague Conference. Bulgaria takes note of and accepts this cancellation.

Equally any claim of Bulgaria against Austria or Hungary referred to in the said Article 145 of the Treaty of Neuilly and any claim of Austria or Hungary against Bulgaria respectively referred to in Article 213 of the Treaty of St. Germain and Article 196 of the Treaty of Trianon are cancelled; any securities or documents relating to these claims shall be destroyed.

(12) Nothing in the present Agreement shall modify the rights which the Société des Porteurs de Créances Civiles en Bulgarie derives from the contract entered into with the National Bank of Bulgaria on 30th May, 1923. The Creditor Governments which have not yet adhered to the said contract may adhere thereto up to 30th June, 1930.

(13) Should the Bank for International Settlements not accept the whole of the functions attributed to it by the present Agreement,

the appointment of some other trustee to be substituted so far as necessary for the Bank, will form part of the task of the Committee constituted under Article 5.

(14) Any dispute between the Contracting Parties as to the interpretation or application of the present Agreement shall be submitted for final decision to the Tribunal referred to in The Hague Agreement with Germany of January, 1930 in accordance with the procedure established in that Agreement. Provided always that on the occasion of any such dispute the place of the Member of the Tribunal appointed by the German Government will be taken by a Member appointed by the Bulgarian Government.

Final Clause.

The present Agreement, of which the French and English texts are both authentic, shall be ratified.

The deposit of ratifications shall be made at Paris as soon as possible.

The Powers of which the seat of government is outside Europe will be entitled to inform the Government of the French Republic through their diplomatic representative at Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

A first *procès-verbal* of the deposit of ratifications will be drawn up as soon as the Agreement has been ratified by Bulgaria on the one hand and on the other hand four of the following Governments, that is to say, Belgium, Great Britain, France, Italy and Japan, and three of the following Governments, that is to say, Greece, Poland, Portugal, Roumania, Czechoslovakia and Jugoslavia.

The present Agreement will come into force, between the Contracting Parties who have thus ratified, from and after the date of the first *procès-verbal*.

Save as above provided the Agreement will come into force for each Signatory Government at the date of notification or of the deposit of its ratification.

The French Government will transmit to all the Signatory Governments a certified copy of the *procès-verbaux* of the deposit of ratifications.

Done at The Hague in a single copy the 20th January, 1930.

HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.

A. D. BOUROFF.
VL. MOLLOFF.
HENRI CHÉRON.
LOUCHEUR.
N. POLITIS.
J. G. POLITIS.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
N. TITULESCO.
J. LUGOSIANO.
AL. ZEUCEANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

DECLARATION BY THE CREDITOR GOVERNMENTS ATTACHED TO THE AGREEMENT WITH BULGARIA.

The Creditor Governments have taken note of the Bulgarian Government's request to benefit by a remission of a portion of its debt in the event of the Creditor Governments themselves obtaining remission of the interallied debts. They state their readiness collectively, if necessary, to consider favourably the possibility of allowing Bulgaria to have the benefit of advantages proportional to those which the Special Memorandum of the Experts of the Principal Creditor Powers and Germany concerning out-payments, appended to the Experts' Report of June 7th, 1929, grants to Germany, without, however, any Power having its share in Bulgarian annuities reduced by more than 50 per cent. as a result of this possible reconsideration.

COST OF LIQUIDATION OF THE INTERALLIED COMMISSION OF BULGARIA.

The Bulgarian Government hereby undertake to pay a sum of £8,000 towards the expenses of the liquidation of the Interallied Commission, in addition to all monthly payments for which it is liable apart from this undertaking.

A. D. BOUROFF.
VL. MOLLOFF.

20th January, 1930.

No. 13.

AGREEMENT RELATING TO HUNGARIAN OBLIGATIONS UNDER THE TREATY.*

The Governments of Belgium, France, Great Britain, Canada, the Commonwealth of Australia, New Zealand, South Africa, India, Greece, Hungary, Italy, Japan, Poland, Portugal, Roumania, Czechoslovakia and Jugoslavia, met at The Hague with a view to arriving at a final and complete settlement of the question of the reparation due by Hungary and that of various special claims and to ensure the settlement of disputes of a financial nature which have arisen between Hungary or Hungarian nationals, of the one part, and certain Powers, of the other part.

The appended and duly initialled texts set forth and define the bases of the agreements which now and henceforth constitute an undertaking on the part of the signatory Governments.

It is on these bases that the final texts will have to be drafted. A Committee which will comprise a representative of each of the signatory Powers is entrusted with the drafting of these texts. This Committee shall sit in Paris as from the 5th February, 1930.

If the Committee is unanimous the texts drafted by it shall be definitive.

In the event of any difficulty in drawing up these texts, the parties state that they will accept the unanimous decision of France, Great Britain and Italy.

HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
HENRI CHÉRON.
LOUCHEUR.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.
N. POLITIS.
J. G. POLITIS.
L. WALKO.
A. WEKERLE.

* The English texts of this document and its four annexes, as signed at The Hague, were found to contain certain inaccuracies of translation, which have been corrected in the text here printed. The concurrence of the other Governments concerned is being obtained for the acceptance of this revised text as authentic.

FR. KORANYI.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
J. LUGOSIANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

ANNEX I.

General Agreement between the Creditor Powers and Hungary.

A certain number of claims on the basis of Article 250 of the Treaty of Trianon have been submitted by Hungarian nationals against the three Governments of Roumania, Czechoslovakia and Jugo-Slavia arising out of the application of the Agrarian Reform Legislation in those countries.

Legal proceedings are at present pending before the Mixed Arbitral Tribunals provided for in the Treaty.

Although the three Governments interested are prepared to conclude the present Agreement in a spirit of conciliation with a view to terminating as far as possible the existing disputes with the Hungarian Government, they declare formally that this fact cannot constitute in any way a recognition by them of the justice of the said claims.

On the contrary, they intend to enter an express reservation as to their point of view and the present Agreement cannot in any way be considered as justification for any fresh action or any claim.

In response to the appeal of friendly Powers not interested in these disputes, the three Governments have desired to display their spirit of conciliation and their desire for peace.

For its part the Hungarian Government states that from the legal point of view it maintains the position which it previously adopted in regard to these questions and it wishes it to be recognised that it accepts the present Agreement in the same desire for conciliation and peace.

ARTICLE I.

The responsibility in connection with all law suits now proceeding, and which may be begun in regard to Agrarian Legislation, including the Reform to be carried out in Jugo-Slavia which has not yet formed the subject of a final law, shall henceforth be borne by a common fund hereinafter called the "Agrarian Fund" in so far as this fund is available.

ARTICLE II.

The Agrarian Fund shall have legal personality and shall be financially autonomous, subject to the condition set forth in the special Agreement concerning this fund.

ARTICLE III.

The Fund shall entirely take the place of the present defendants in Agrarian law suits already brought before the Mixed Arbitral Tribunals or which may arise from an act of seizure or disposal prior to the present Agreement.

ARTICLE IV.

Suits brought against Roumania, Czechoslovakia or Jugo-Slavia shall *ipso facto* be considered as having been brought against the Agrarian Fund.

ARTICLE V.

Judgments shall be given in favour or against the Agrarian Fund and shall be executed by its means.

ARTICLE VI.

As stated above the Agrarian Fund shall be solely and entirely responsible in so far as this fund is available for the payment of compensation allotted by the Mixed Arbitral Tribunals in the law suits referred to above and Roumania, Czechoslovakia and Jugo-Slavia shall be free of any responsibility present or future.

ARTICLE VII.

No payment shall be made by the Agrarian Fund until the total amount of the Judgments has been notified. A final distribution shall then be made amongst the beneficiaries, the total of which shall not exceed the total of the Agrarian Fund. This distribution shall be effected on the basis of regulations to be drawn up by the Managing Committee of the Fund.

ARTICLE VIII.

The Mixed Arbitral Tribunals shall not be competent to pronounce on differences of principle between the Parties of the nature of those set forth in the Preamble to the present Agreement. They shall pronounce solely on the basis of the present Agreement by granting, where the occasion arises, compensation to the claimants against the Agrarian Fund.

ARTICLE IX.

The Mixed Arbitral Tribunal shall inquire whether the Claimant is a qualified Hungarian national and whether his property has been expropriated by virtue of Agrarian Legislation and, if so, they shall pronounce on the amount of the compensation to be allotted unless a friendly agreement is arrived at with the Agrarian Fund.

ARTICLE X.

For the purposes of the execution of the present Agreement, each of the Mixed Arbitral Tribunals shall be completed by the appointment of two extra members, selected by the Permanent Court of International Justice from the nationals of countries which were neutral during the late war and who possess the qualities necessary to act as arbitrators.

ARTICLE XI.

In the relations between Roumania, Czechoslovakia and Yugo-Slavia or their nationals, of the one part, and Hungary or her nationals, of the other part, the Mixed Arbitral Tribunal shall henceforth in all cases be composed as indicated in the preceding Article.

ARTICLE XII.

Roumania, Czechoslovakia and Yugo-Slavia, of the one part, and Hungary, of the other part, agree to recognise the Permanent Court of International Justice as the Court of Appeal from all judgments on questions of competence or of substance henceforth given by the Mixed Arbitral Tribunals in all suits other than those referred to in the present Agreement and relating to Agrarian matters, without there being any need for any special terms of reference.

ARTICLE XIII.

The Mixed Arbitral Tribunals shall cease to function for a period of six months as from the date of the present Agreement.

[Here follow initials.]

ANNEX II.

Creation and Working of Agrarian Fund.

By an agreement signed to-day with the Hungarian Government, provision has been made for a fund, called "The Agrarian Fund." The object of the present convention is to define the conditions of the constitution and operation of this fund.

Article I.

The capital of this fund has been fixed at 240,000,000 gold crowns.

The figure of 240 million gold crowns has been fixed on the basis of the figures indicated in the Hungarian Delegation's memorandum presented to the Hague Conference (Second Commission—Non-German Reparations). At that time, Hungary presented a total of claims amounting to 310 million gold crowns, which has been reduced to 240 million gold crowns.

The basic figures taken in the said memorandum as the average value of the cadastral jugar in each country, must therefore be reduced in the proportion of 310 to 240.

For all the properties regarded as expropriated in the Hungarian memorandum above mentioned and restored to the owners as from the present date in Czechoslovakia and from the beginning in Jugo Slavia, the amount of the fund must be reduced *pro tanto* by the application to these jugars of the reduced basic price resulting from the above mentioned calculation. Nevertheless, corrections may be made in the application of the rule by the Commission for administering the fund so as to take into account the quality of the properties.

Article II.

Account must similarly be taken of the sums already paid according to the local laws to the expropriated owners who have accepted this payment whether made in the form of money or of securities; these sums shall be considered as having been paid into the fund and the liabilities towards this fund shall be reduced *pro tanto*.

It is understood that if Czechoslovakia does not liberate 200,000 jugars out of the properties which have been expropriated or which have been declared inalienable, the above mentioned reduction shall not be made in so far as Czechoslovakia is concerned. In brief, for this country, the reduction will only be made in respect of the quantities of properties liberated of upwards of 200,000 jugars.

Article III.

There shall be paid into the Fund all the sums, in the form of securities or otherwise, which according to the local law are payable

subsequently and would be paid to the expropriated owners if the latter put forward claims.

If on the other hand an owner abandons all claims in return for this payment he shall be assimilated for the purpose of calculating the fund to an owner of a property which has been returned in so far as the property is one the liberation of which is such that no reduction in pursuance of Article 2 is involved.

Article IV.

The final amount of the capital of the fund shall be fixed (taking into account the above mentioned reduction) in order to assure the service of the interest and sinking fund of the bonds which it will create to an amount equal to the final amount of the capital. It will dispose of annuities and of the proceeds of the securities received by it as described in Articles II and III above in respect of the expropriated properties.

The calculations have been made on the basis of interest at the rate of 4% from 1933 to 1966, the sinking fund of the securities being effected as from 1944 by equal annuities to include interest and sinking fund for each year from 1944 to 1966.

Article V.

The annuities available to the fund are the following :—

1. As from 1944, 6,100,000 gold crowns paid by Czechoslovakia, Jugo Slavia and Roumania by means of the sums received in respect of the special claims.

2. From 1931 to 1943 the annuities paid by Hungary in respect of Reparations representing the shares of France, Great Britain, Italy, Portugal, Japan and Belgium.

3. Annuities paid by Great Britain, Italy and France of which the maximum amounts are fixed below :—

1931 and 1932	... ...	nil
1933 to 1943	... ...	3,600,000 gold crowns

of which 40% will be paid by France, 40% by Italy and 20% by Great Britain.

1944 to 1966	... ...	2,280,000 gold crowns

payable in the same proportions.

These latter annuities shall be reduced, if necessary in order to take account of the diminution of the final amount of the capital of the fund.

The sums resulting from the reduction above mentioned will be paid to Fund B (referred to in the Agreement of to-day's date) by the above-named Powers when the Managing Committee considers, in agreement with these Powers, that it is possible, and then only if it is necessary.

ARTICLE VI.

Managing Committee. The fund shall be administered under the control of a committee consisting of four members of whom one shall be named by the Hungarian Government and three by the Financial Committee of the League of Nations or any other organisation chosen by the three Powers France, Great Britain and Italy.

ARTICLE VII.

The committee referred to in Article 6 shall appoint a financial committee entrusted with the task of enquiring into the detailed arrangements to be made in order to secure to the greatest extent and under the best conditions possible the mobilisation or discount of the bonds issued by the fund. In particular, the committee shall endeavour to give these bonds such a form as will enable the holders to obtain advances.

The members of this committee shall be chosen from the nationals of countries having an important financial market, including Hungary.

The committee shall use every endeavour to secure that these detailed arrangements shall be included in the final text of the Agreements as they will be submitted for ratification to the Hungarian Parliament.

When, in the view of the Managing Committee, cash resources available permit, the committee may make lump sum payments in cash in return for the cancellation of bonds.

ARTICLE VIII.

In the case of differences as to the interpretation and application of the present Agreement, the question shall be submitted to an arbitrator selected by the Managing Committee unanimously, or, failing that, by the President of the Permanent Court of International Justice.

ARTICLE IX.

An Organisation Committee consisting of four members shall be appointed by the President of the Hague Conference, M. Jaspar, after consultation with the Governments of France, Great Britain, Italy and Hungary.

This Organisation Committee shall have the task of drawing up the detailed regulations for the constitution and the operation of the fund referred to in the present Agreement.

[Here follow initials.]

ANNEX III.

Agreement between France, Great Britain, Italy, Roumania, Czechoslovakia and Jugoslavia concerning the Constitution of a Special Fund called "Fund B."

By an agreement of even date with the Hungarian Government a settlement has been reached on questions raised concerning agrarian reform.

Nevertheless there remain outstanding between certain Hungarian nationals and the Governments of Roumania, Czechoslovakia and Jugoslavia important difference concerning the application of Articles 63, 191 and 250 of the Treaty of Trianon. France, Great Britain and Italy in the interests of peace and friendship have agreed to intervene, with a view to settling these differences, in the following manner:

I.

A fund shall be created the nominal capital of which shall be 100,000,000 gold crowns. This fund can be constituted on an autonomous basis with legal personality.

II.

The fund shall not be made up of capital payments but by means of the annuities as set forth below and calculated on the following basis:

(1) As from 1st January, 1931, at 3% or 3,000,000 gold crowns per annum.

(2) As from 1st January, 1943, at 5%, the whole to be paid off in 1966, or 7,400,000 gold crowns.

For the first 13 years from 1931 to 1943 the 3,000,000 gold crowns necessary shall be paid under the following conditions:

20% or 600,000 gold crowns by Great Britain.
40% or 1,200,000 gold crowns by France.
40% or 1,200,000 gold crowns by Italy.

to the extent of the requirements of the Fund as set forth hereunder.

These sums shall be paid in two equal instalments on the 30th June and 31st December of each year.

IV.

During each of the 23 years from 1944 to 1966 the maximum payments to be made to the Fund shall amount to 7,400,000 gold crowns per annum. They shall be charged against the 13,500,000 gold crowns which Hungary has undertaken to pay as from 1944 during 23 years in respect of the special claims.

V.

The Fund may issue bonds or proceed to any credit or discounting operations on the basis of the above payments.

VI.

The totals of the final judgments pronounced against the Government of Roumania, Czechoslovakia and Jugoslavia shall be debited to this Fund. For this purpose the amount actually paid by each State during each period of 6 months shall be notified to the Fund. Payment to each of the 3 States interested shall be made proportionately to the total sums with which each shall have been credited at periods and in accordance with procedure agreed between them and with the Managing Committee of the Fund. The Fund shall in no case be under an obligation to pay more than the total of its assets derived from the annual receipts specified above. It may meet its obligations with Bonds at the rates of interest and with the conditions for redemption set forth above.

VII.

Recourse shall only be had to the payment provided for in the above Article as need shall arise. In consequence the payments for which the three Powers (Great Britain, France and Italy) are responsible shall not be exceeded.

VIII.

Any saving realised on the receipts of the Fund shall be employed to redeem the sums paid to the Fund by Great Britain, France and Italy, proportionately to the contributions of each of these Powers.

IX.

In addition to the resources referred to above the Fund may be supplied (and in consequence its capital increased) by the surplus available from the special fund called " Agrarian Fund " created by the Agreement of even date with Hungary.

X.

The Fund shall be administered by a Managing Committee consisting of six members appointed respectively by the Governments of France, Great Britain, Italy, Roumania, Czechoslovakia and Jugoslavia.

The Managing Committee shall elect its Chairman.

The Organisation and the working of the Fund shall form the subject of special regulations drawn up by the Organisation Committee, referred to in Article XIII.

XI.

The Fund shall meet the whole of its working expenses.

XII.

In the event of any difference of opinion as to the interpretation or application of the present Agreement the question shall be submitted to an arbitrator to be chosen by the unanimous decision of the Managing Committee or, failing such decision, by the President of the Permanent Court of International Justice.

XIII.

An Organising Committee of 6 members shall be appointed by the Governments of France, Great Britain, Italy, Roumania, Czechoslovakia and Jugoslavia.

This Organising Committee shall be entrusted with the drafting of detailed regulations, the constitution and the working of the present Fund.

[Here follow initials.]

ANNEX IV.

Agreement between the Hungarian Government and the Creditor Governments.

1. For the complete and final settlement of the charges incumbent on her by virtue of the Treaty of Trianon, of the armistice of the 3rd November, 1918, and of all supplementary arrangements Hungary undertakes (without prejudice to the payments specified in the decision of the Reparation Commission No. 2797 dated 21st February, 1924) to make on account of the special claims which are based on the said treaty, as from the 1st January, 1944, and during the years 1944 to 1966 inclusive, the payment of a constant annuity of 13·5 millions of gold crowns.

2. The present agreement affects in no way the obligations concerning pre-war public debts which are chargeable to Hungary by virtue of the Treaty of Trianon nor her obligations under all other agreements or arrangements concluded up to the coming into force of the present agreement.

3. The payments due up to the 1st January, 1944, shall be subject to the conditions laid down in the texts actually in force and particularly in the decision No. 2797 of the Reparation Commission. However, they shall be paid to the Bank for International Settlements for the account of the Creditor States.

4. The payments due after 1944 constitute an unconditional obligation, that is to say, without any rights of suspension whatsoever. They shall be made in gold or in currency equivalent to gold in equal half-yearly periods on the 1st January and 1st July

of each year, the first payment falling due on the 1st January, 1944. Like the preceding payments they shall be made to the Bank for International Settlements for the account of the Creditor States.

5. Hungary undertakes to reserve from its state revenues an annual sum at least equal to 150% of the annuities laid down in Article 1 and it is understood that if an annuity is not paid on the date due Hungary shall immediately on receipt of a simple claim from the Creditors (representing at least one-half of the annuity in question) constitute the said annual sum as security.

6. Subject to the application of the provisions of the preceding Article the right of first charge established by Article 180 of the Treaty of Trianon on all property and assets of Hungary for the settlement of reparation and other charges contained in the said Article shall cease to have effect as from the date of the entry into force of the present agreement.

7. The Hungarian Government shall transmit to the Bank for International Settlements in its capacity of Trustee for the Creditor Powers certificates representing the annuities specified under 1 which certificates in their text should carry out the provisions of Articles 3 and 5.

8. The Creditor Powers signatory to the present agreement undertake, as from the date of its application, to cease to exercise their right of retention and liquidation of property, rights and interests which, at the date of entry into force of the Treaty of Trianon, belong to nationals of the former kingdom of Hungary or to organisations controlled by them, in so far as the said property, rights and interests are not already liquid or liquidated or in so far as they have not already been finally disposed of.

9. The Creditor Powers signatory to the present agreement undertake to abstain from collecting those claims of Hungary on its former allies which may have been transferred to the said Powers by Article 196 of the Treaty of Trianon and Hungary renounces in so far as it is concerned any net balance which may be due to her by reason of these claims. The said Powers further undertake to refrain from recovering the claims which the former allies of Hungary possessed on her and which were transferred to the said Powers by Articles 261 of the Treaty of Versailles, 13 of the Treaty of St. Germain and 145 of the Treaty of Neuilly; in consequence the said claims lapse entirely.

10. The relations between the Reparation Commission and Hungary shall be terminated as soon as possible.

The rights and powers conferred on the Reparation Commission shall be transferred as far as necessary to the Bank for International Settlements. The procedure and date for this transfer shall be laid down by a Committee formed of two representatives of the Hungarian Government, by four representatives of the Reparation Commission, to include the Common Delegate on the Reparation Commission, or a representative nominated by him, and by a representative of the Bank for International Settlements.

Should the Bank for International Settlements not accept in its entirety the mandate with which it is entrusted by the present agreement, it shall be the duty of the Committee formed as mentioned above to formulate the amendments necessary to obtain its complete adoption and failing that to choose a Trustee as far as this may concern the Bank.

11. It is understood that, subject to the approval of the Council of the League of Nations, the Committee of Control for Hungary shall cease to exercise its functions immediately on the entry into force of the present agreement.

12. Any differences between the Contracting Parties concerning the interpretation and the application of the present Agreement shall be submitted for final decision to the Tribunal provided for in the Agreement of the Hague of January 1930, with Germany in accordance with the procedure laid down in that Agreement. Nevertheless, when such differences arise the member nominated by Germany shall be replaced by a member nominated by Hungary.

13. Subject to the above payments being duly made, the Governments of the Creditor Powers on the one hand, and the Hungarian Government on the other hand, reciprocally renounce, each for its own part, all claims arising out of the Treaty of Trianon or the Armistice or all supplementary arrangements.

The present Agreement, the French and English texts of which are authentic, shall be ratified.

The deposit of ratifications shall be made at Paris as soon as possible.

The Powers, of which the seat of Government is outside Europe will be entitled to inform the French Government through their diplomatic representative in Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

The first *procès-verbal* of the deposit of ratifications will be drawn up as soon as the Agreement has been ratified by Hungary on the one hand, and on the other hand by four of the Governments of the following Powers, that is to say, Belgium, Great Britain, France, Italy and Japan, and two of the Governments of the following Powers, that is to say, Greece, Poland, Portugal, Roumania, Czechoslovakia and Yugoslavia.

The present agreement shall come into force between the contracting parties who have thus ratified from and after the date of the first *procès-verbal*.

Save as above provided the agreement will come into force for each signatory Government at the date of its notification or the deposit of its ratification.

The French Government shall transmit to each of the signatory Governments a certified copy of the *procès-verbal* of the deposit of ratifications.

[Here follow initials.]

No. 14.

AGREEMENT WITH CZECHOSLOVAKIA.

The duly authorised representatives of the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czechoslovak Republic and the Government of His Majesty the King of Jugoslavia

Have reached the following agreement:

Article 1.

In complete and final settlement of her debt arising out of the Agreement of 10th September 1919, to the other Powers having a credit on reparation account in virtue of the Treaties of Versailles, St. Germain, Trianon and Neuilly, Czechoslovakia shall pay 37 annuities of ten million gold marks, the due dates of which are fixed for the first complete annuity at 15th March 1930, and, for the balance, payable in half-yearly instalments, at 1st July and 1st January of each year, the final instalment being payable on 1st January 1966.

Article 2.

The instalments shall be paid by the Czechoslovak Government to the Bank for International Settlements, for the account of the Creditor Governments, in pounds sterling, at the average rate of exchange for the three days preceding the date of payment.

The Bank shall transfer the sums encashed to the account of each of the Creditor Governments, in accordance with the rules for distribution fixed by the Arrangement between the Creditor Powers (Austria, Hungary, Bulgaria, Liberation Debt) concluded at the Hague Conference 1930 and with any special arrangement between two or more of these Governments concerning their respective shares, as fixed by the said Agreement which shall have been notified to the Bank by the Creditor Governments concerned.

Article 3.

The present Agreement constitutes as between the Czechoslovak Government, of the one part, and the other signatory Governments, of the other part, a final settlement of all the obligations of Czechoslovakia which may result from the Treaties of Versailles, St. Germain, Trianon and Neuilly, from the Agreement of

10th September, 1919, and from all Arrangements supplementary to the said Treaties and Agreements.

The present Agreement, of which the French and English texts are both authentic, shall be ratified.

The deposit of ratifications shall be made at Paris as soon as possible.

The Powers of which the seat of Government is outside Europe will be entitled to inform the French Government through their diplomatic representative at Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

The French Government will transmit to all the signatory Governments a certified copy of the *procès-verbaux* of the deposit of ratifications.

Done at The Hague in a single copy the 20th January, 1930.

HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
E. TOMS.
PHILIP SNOWDEN.
PHILIP SNOWDEN.
HENRI CHÉRON.
LOUCHEUR.
N. POLITIS.
J. G. POLITIS.
A. MOSCONI.
A. PIRELLI.
SUVICH.
ADATCI.
K. HIROTA.
J. MROZOWSKI.
R. ULRICH.
TOMAZ FERNANDES.
G. G. MIRONESCO.
AL. ZEUCEANO.
Dr. EDUARD BENEŠ.
STEFAN OSUSKY.
Dr. V. MARINKOVITCH.
CONST. FOTITCH.

No. 15.

ARRANGEMENT BETWEEN THE CREDITOR POWERS.

(AUSTRIA, HUNGARY, BULGARIA—LIBERATION DEBT.)

The duly authorised representatives of the Government of His Majesty the King of the Belgians, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of Canada, the Government of the Commonwealth of Australia, the Government of New Zealand, the Government of the Union of South Africa, the Government of India, the Government of the French Republic, the Government of the Greek Republic, the Government of His Majesty the King of Italy, the Government of His Majesty the Emperor of Japan, the Government of the Republic of Poland, the Government of the Republic of Portugal, the Government of His Majesty the King of Roumania, the Government of the Czechoslovak Republic and the Government of His Majesty the King of Jugo-Slavia, have concluded the following arrangement as to the State properties ceded by Austria, Hungary and Bulgaria, the Liberation Debts and the distribution of non-German reparations.

Article I.

A complete and final discharge of their liabilities is granted to the Powers signatory of the present Agreement which are debtors in respect of the properties ceded in virtue of the Treaties of St. Germain, Trianon and Neuilly and of the Liberation Debts arising out of the Agreements of the 10th September and 8th December, 1919,

Provided always that no one of the said Powers shall derive any benefit under this Article unless and until it shall have ratified the Agreements with Germany, Austria, Bulgaria and Czechoslovakia concluded at The Hague in January, 1930.

Article II.

The annuity of ten million gold marks payable under the Agreement of even date by Czechoslovakia to the other Creditor Governments shall be distributed among the Creditor Powers other than Roumania, Czechoslovakia and Jugo-Slavia in accordance with the following table :—

	Gold marks.
France	3,187,854
Great Britain	1,384,519
Italy	3,146,632
Belgium	418,816
Japan	51,920
Portugal	51,920
Greece	1,758,339

ARTICLE III.

Subject to the provisions of Articles IV and V the payments made by Bulgaria and Hungary on account of reparation up to 1943 shall be distributed as follows :—

Greece 76·73% on the Bulgarian payments and on the Hungarian payments.
Roumania 13% on the Bulgarian payments and on the Hungarian payments.
Czecho-Slovakia 1% on the Bulgarian and Hungarian payments.
Jugo-Slavia 5% on the Bulgarian payments and 2% on the Hungarian payments.

The balance both of the Bulgarian and of the Hungarian payments being distributed between the other Creditor Powers proportionately to the percentages of Article 2 of the Spa Agreement of the 16th July, 1920 and subsequent agreements.

ARTICLE IV.

Greece shall receive

(*a*) the liquid assets realised by the Reparation Commission in pursuance of the Treaty of Neuilly and not distributed at the present time:
(*b*) the payment of 5 million gold francs to be made by Bulgaria on the 1st April, 1930.

ARTICLE V.

Jugo-Slavia shall dispose of the whole of the sums to be paid by Hungary up to and including the 30th June, 1930 under the Schedule of Payments at present in force less a sum to be retained by the Reparation Commission for its administrative expenses.

ARTICLE VI.

The distribution fixed by the preceding Articles is final and inclusive.

ARTICLE VII.

The present Agreement constitutes a final settlement as between the signatory Governments of all their claims in respect of the State properties ceded in virtue of the Treaties of St. Germain, Trianon and Neuilly, of the Liberation Debts and of all payments and deliveries made to the said Governments in virtue of the Treaties of St. Germain, Trianon and Neuilly and the arrangements supplementary thereto.

The present Agreement, of which the French and English texts are both authentic, shall be ratified.

Deposit of ratifications shall be made at Paris as soon as possible.

The Powers of which the seat of government is outside Europe will be entitled to inform the French Government through their diplomatic representative at Paris that their ratification has been given : in that case they must transmit the instrument of ratification as soon as possible.

The French Government will transmit to all the Signatory Governments a certified copy of the *procès-verbaux* of the deposit of ratifications.

Done at The Hague in a single copy 20th January, 1930.

HENRI JASPAR.
PAUL HYMANS.
E. FRANCQUI.
PHILIP SNOWDEN.
PETER LARKIN.
GRANVILLE RYRIE.
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PHILIP SNOWDEN.
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Dr. V. MARINKOVITCH.
CONSTANTIN FOTITCH.